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Report of the Secretary-General on the activities of the Office of Internal Oversight Services

Report of the Office of Internal Oversight Services

Note by the Secretary-General*

1. In conformity with paragraph 5 (e) (ii) of General Assembly resolution 48/218 B of 29 July 1994 and resolution 54/244 of 23 December 1999, the Secretary-General transmits herewith to the Assembly the tenth annual report of the Office of Internal Oversight Services, covering activities for the period from 1 July 2003 to 30 June 2004.

2. This year marks the tenth anniversary of the Office of Internal Oversight Services (OIOS), which was established by the General Assembly in July 1994. OIOS has been a key component in efforts to strengthen the Organization by making it more efficient and effective and by instilling a greater sense of accountability. The Office has conducted an evaluation of its own activities. However, given the critical nature of the responsibilities entrusted to the Office, and that since its inception no independent evaluation has been carried out, it may be timely for the General Assembly to consider initiating a comprehensive review of its operations. The review could include an assessment of the functions and reporting procedures of the Office, including the roles, capacities and resource requirements of the audit, investigation, monitoring, evaluation and management consulting units. Such a review should be aimed at determining how to strengthen the capacity to deliver the mandates given by the General Assembly. The review will also provide me, as chief administrative officer of the Organization, an assessment of how well OIOS can assist me in the efficient and effective management of the United Nations. Should this proposal be endorsed by the General Assembly, I would be ready to establish a multidisciplinary panel of outside experts to conduct the review.

* Because of the reporting period covered by the annual report (1 July 2003-30 June 2004) and the need to obtain the comments of client departments and offices on the draft report, it was not possible to meet the deadline for submission.

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Report of the Office of Internal Oversight Services*

Preface

This is the fifth and final report I am submitting on the activities of the Office of Internal Oversight Services (OIOS) under my watch. I will be completing my five-year term in April 2005; this mandated renewal serves as a cornerstone of the independence of the Office.

Looking back over the past four and a half years, I am glad to note the changes that have taken place in the Office and how we have strived to fulfil our mandate. I must acknowledge the fine efforts of my predecessor, Karl Th. Paschke, who left behind a properly functioning, albeit fledgling, Office. This was a solid foundation upon which I was able to further build up the strengths of the Office.

The introduction of a risk-management framework is, to me, of most significance. A risk-assessment methodology now forms the basis of the integrated work-planning system in the Office. This optimizes the use of our limited resources and improves the targeting of our oversight activities.

A more rationalized and balanced organizational structure has been put into place for the Office. The consolidation of the resources for monitoring, inspection, evaluation and management consulting into one division has resulted in synergies for better oversight coverage. At the same time, the creation of a second Internal Audit Division, focusing on the audit of entities outside New York, has improved the span of control as well as responsiveness. Similarly, relocating the majority of investigators from New York to a newly created OIOS office in Vienna improves contacts with the entities that receive investigation services and helps us realize substantial savings in travel costs.

A major improvement in work methods has come about with the introduction of an electronic working paper system in the Audit Divisions. Aside from ensuring a more systematic audit process, the system will be gradually extended to facilitate the monitoring of recommendations and how well they are being implemented.

I firmly believe that people are the key to any organization's success. For that reason, the Office has launched a number of personnel management initiatives. A Personnel Management Committee chaired by me meets monthly to discuss personnel matters. A Career Progression Guide has been drafted to enhance the mobility and advancement of staff. A training-cum-learning function has also been established within the Office to give emphasis to the need for upgrading skills and keeping them current.

Resource limitations have always hampered the Office's ability to embark on new initiatives. To overcome this, I established the Trust Fund for Enhancing Professional Capacities for Internal Oversight. Generous contributions from Member States to the fund has enabled us to undertake, among others, the electronic working paper project.

Being an agent of change is one of the mandates of the Office. I believe this aspect will become increasingly important for the Organization if it is to remain relevant and keep up with emerging challenges. The formation of a separate internal Management Consulting Section within the Office, focusing on providing the Organization with change management services, has been a major contribution. Last year, the Office launched the organizational integrity initiative to strengthen

* All Office of Internal Oversight Services reports, including this annual report, are available at the Office's web site: http://www.un.org/Depts/oios/report&pub.htm.

awareness relating to integrity and professional ethics within the Organization. This complements the Organization's advocacy role in combating corruption and promoting good governance in Member States.

Taken together, these changes and initiatives have strengthened the Office and enhanced its contribution to the Organization. Today, OIOS is recognized by other oversight bodies in the United Nations as a model oversight office. OIOS plays a major role in the annual conferences of audit agencies and of investigation agencies in the United Nations family of organizations.

Five years ago, the General Assembly resolved to undertake an evaluation and review of OIOS in 2004. To assist the General Assembly in this review, I initiated an Office-wide self-evaluation. The results of this introspective exercise are set out in section III of the present report.

The assessment highlights achievements and strengths, as well as challenges and opportunities. Areas of improvement and where lessons need to be learned are also enumerated. Overall, OIOS is assessed to have served the Organization well in providing effective oversight services and adding value.

Fundamental to the success of OIOS has been its operational independence, in terms of both reporting procedures and its management of resources. The ability of OIOS to report to the General Assembly through the Secretary-General ensures that we provide objective and unbiased reports to Member States. Some continue to believe that since OIOS is called an "internal" oversight agency, its reports should be restricted to the management of the Secretariat. This, however, would weaken the Organization. Member States were wise to resolve that OIOS reports should be made available, unfettered, to the General Assembly. Such an arrangement is consistent with international auditing standards and also mirrors the current practice in the private sector, where internal audit reports go to the board of directors or an audit committee comprising selected directors.

In the area of proposing and managing resources, I believe that more can be done to ensure the independence of OIOS. The enabling resolution explicitly asks that OIOS budget proposals take into account the independence of the Office, which is a cornerstone of good governance. Thus, a delegation of authority similar to that given to the funds and programmes will ensure full compliance with the mandated provisions. Operationally, this will remove any potential for a conflict of interest, given that OIOS has to go through departments that it has oversight of.

Finally, I would like to express my appreciation for the honour of having headed OIOS since April 2000. The achievements of the Office have been possible only because of the competent and dedicated colleagues in my Office, who have also shown exemplary team spirit and camaraderie. The cooperation I have received from colleagues from other departments and offices has also been most forthcoming. I am also very fortunate to have received the full confidence of the Secretary-General, who has been extremely supportive of the Office.

That, together with the encouraging feedback I have received from Member States, has made this experience a most rewarding and fulfilling one. I am confident that when I leave, in April 2005, the Office will continue to play a critical role in helping the United Nations succeed in its global mission.

(*Signed*) Dileep **Nair**
Under-Secretary-General for Internal Oversight Services

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Highlights

Highlights of the oversight activities and achievements of the Office of Internal Oversight Services (OIOS) during the reporting period include the following:

- OIOS issued some 1,515 recommendations during the reporting period to improve accountability mechanisms, enhance delegation of authority and clarify the delineation of responsibilities. Of these, more than half have already been implemented. The recommendations will improve internal controls and remove underlying obstacles to organizational efficiency and effectiveness, saving the Organization $16.4 million, when implemented by programme managers. A total of $26.6 million was actually saved as a result of implementation of OIOS recommendations from this and prior periods

- OIOS conducted 153 audits, covering a wide range of issues, including peacekeeping operations, the activities of the Office of the United Nations High Commissioner for Refugees, procurement and programme management. Six audit reports were issued to the General Assembly (see sect. II and annex III)

- OIOS issued the report of the Secretary-General on programme performance of the United Nations for the biennium 2002-2003, completing the first results-based planning, budgeting, monitoring and reporting cycle of the Secretariat. Detailed information was made available through hyperlinks in the electronic copy of the report, which was posted on the OIOS web site and distributed on a CD-ROM. A Secretariat-wide training exercise conducted by OIOS at the end of 2003 was instrumental in enhancing the overall quality of the accomplishment accounts and statements of results provided by departments and offices for the report. The exercise comprised 36 workshops and 111 clinics, providing training for a total of 1,344 participants (see paras. 64-67)

- OIOS audited the United Nations Compensation Commission's processing of selected claims, identifying several deficiencies in the valuation and verification of the claims that resulted in overcompensation to the claimants. The Secretariat accepted errors amounting to approximately $2.55 million (see paras. 55-56)

- OIOS provided preliminary information as well as logistical and administrative support to the independent inquiry headed by Paul Volcker, set up by the Secretary-General to look into allegations concerning the oil-for-food programme. OIOS has made available all its audit reports to facilitate the inquiry and has provided information on the current status of its audit recommendations concerning the programme.

- OIOS evaluated the impact of the recent restructuring of the Department of Peacekeeping Operations (see A/58/746), concluding that the reform is on the right track but that more time is needed for its impact to be realized fully. OIOS recommended improvements to personnel management, the institutionalization of best practices and the implementation of information management and technology objectives (see paras. 26-28)

- OIOS provided consulting services to Secretariat departments to assist in changing their work processes and structures. Two consulting services

resulting in General Assembly reports were those on the integrated global management of conference services and on the children and armed conflict programme (see paras. 69 and 74)

- In December 2003 and April 2004, the chief resident auditors at the major peacekeeping missions gave well-received briefings to Fifth Committee delegates at the request of the latter, summarizing the results of mission risk assessments, priority audit areas, highlights of key audits and corrective actions taken by the missions

- OIOS is leading the Investigation Task Force in Kosovo, established by the Special Representative of the Secretary-General as a result of last year's investigation into the fraudulent diversion, and subsequent recovery, of $4.3 million by a senior staff member of the United Nations Interim Administration Mission in Kosovo (see A/58/592 and Corr.1). The Task Force is mandated to initiate, conduct and coordinate investigations to identify fraud and corruption involving the Mission, publicly owned enterprises or any other institutions operating with funds from the Kosovo consolidated budget (see para. 43)

- OIOS initiated, developed and presented the first Uniform Guidelines for Investigations, which were subsequently endorsed by the International Investigators Conference, held in Brussels in April 2003

- OIOS began a simultaneous assessment of field security procedures in 20 peacekeeping and political missions worldwide to help improve the security of United Nations personnel in the field. In addition, OIOS has completed an audit on the utilization and management of the funds appropriated during 2002-2003 for implementing measures to strengthen the security and safety of United Nations premises (see paras. 13-14)

I. Introduction

A. Mandate and mission

1. In its resolution 48/218 B of 29 July 1994, the General Assembly established the Office of Internal Oversight Services (OIOS) to enhance oversight functions within the United Nations. Enhanced oversight was to be achieved through intensified evaluation, audit, inspection, investigation and compliance monitoring. In 1999, the General Assembly reviewed the implementation of resolution 48/218 B and adopted resolution 54/244 of 23 December 1999, setting out a number of provisions on OIOS concerning reporting, functions, coordination, funds and programmes, investigations and operational independence. Subject to these provisions, the Assembly reaffirmed resolution 48/218 B. The Office exercises operational independence under the authority of the Secretary-General (see ST/SGB/273) in conducting its duties and has the authority to initiate, carry out and report on any action that it considers necessary to fulfil its oversight responsibilities. Additional administrative issuances (ST/AI/397, ST/IC/1996/29 and ST/SGB/2002/7) elaborate on the role of OIOS.

Mission of the Office of Internal Oversight Services

- To provide internal oversight for the United Nations that adds value to the Organization through independent, professional and timely internal audit, monitoring, inspection, evaluation, management consulting and investigation activities
- To be an agent of change that promotes responsible administration of resources, a culture of accountability and transparency and improved programme performance

B. Budget and staffing resources

2. As at the end of June 2004, the Office had a total of 180 posts: 124 at the Professional and 56 at the General Service level. Of these posts, 89 are funded from extrabudgetary resources, including 27 resident auditor posts in the peacekeeping missions and 8 regional investigator posts for peacekeeping cases. For 2004, the Office's resources total $23.5 million, of which $11.8 million is funded from extrabudgetary resources.

3. The OIOS Review Body, independent of the Secretariat's central review bodies, advises the Under-Secretary-General on personnel matters. During the reporting period, the Review Body, formerly the Appointment and Promotion Panel, considered 20 appointment, promotion and placement cases.

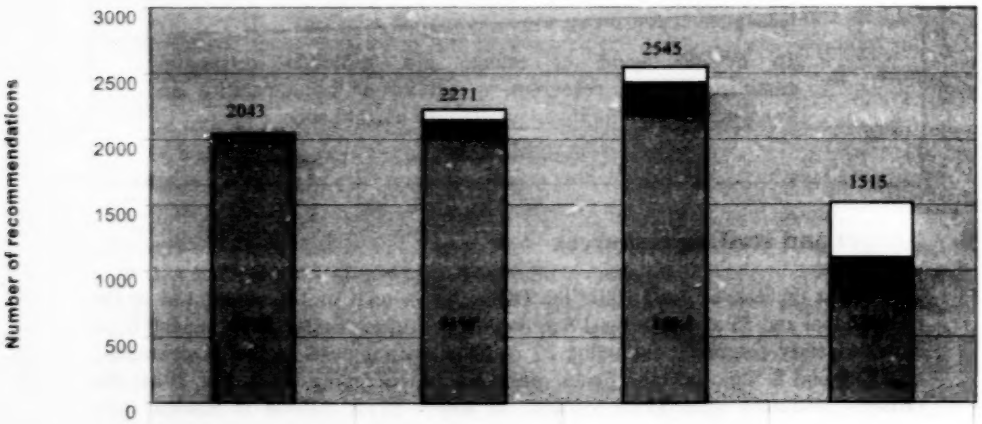
C. Overview of recommendations

4. During the past year, the Office issued 1,515 recommendations to improve internal controls and remove underlying obstacles to organizational efficiency and effectiveness. Of these, 52.3 per cent have already been implemented. Some 35.7 per cent of all recommendations were classified as critical to the Organization, calling for improvements in productivity, saving and recovery of resources and accountability for fraud, waste and abuse, among other things.[1] The number of recommendations issued during this 12-month period is less than in previous periods. This is due mainly to a concerted effort on the part of OIOS to include only the more significant and specific recommendations in its oversight reports. It should be noted that though the number of recommendations per report has decreased, the trend in the number of audit reports issued has not changed.

5. Figure 1 shows the implementation status of all recommendations issued by OIOS since 1 July 2000.[2] Figure 2 shows the rate of implementation of critical recommendations issued. The figures also show the number of recommendations whose implementation was reported by clients to be in progress or not yet started.

Figure 1

Status of implementation of all recommendations issued by the Office of Internal Oversight Services as at 30 June 2004

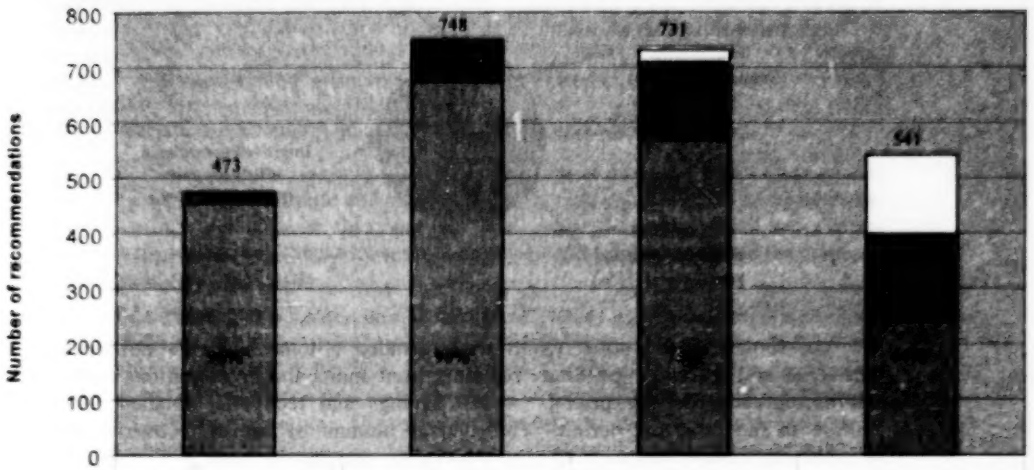


	July 2000 - June 2001	July 2001 - June 2002	July 2002 - June 2003	July 2003 - June 2004
Not started	16	80	114	413
In progress	45	132	253	310
Implemented	1982	2059	2178	792

[a] Percentage of recommendations that have been implemented.

Figure 2

Status of implementation of critical recommendations issued by the Office of Internal Oversight Services as at 30 June 2004



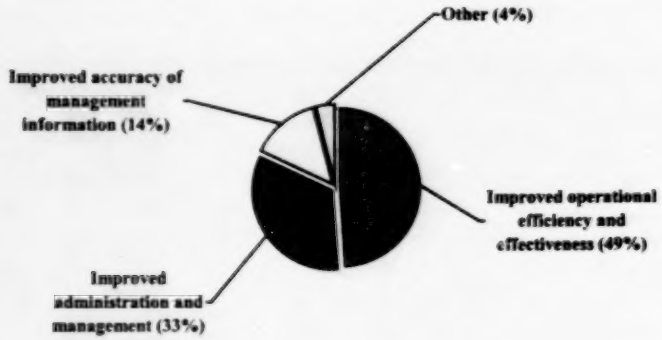
	July 2000 - June 2001	July 2001 - June 2002	July 2002 - June 2003	July 2003 - June 2004
Not started	0	4	22	143
In progress	18	70	141	158
Implemented	455	674	568	240

[a] Percentage of recommendations that have been implemented.

6. Figures 1 and 2 show that the implementation of a significant number of OIOS recommendations (including critical ones) has not yet been started. The reasons why the implementation of a given recommendation has not been started vary: the recommendation may be complex, calling for the development or revision of policies and procedural guidance; or it may require lengthy negotiations on modalities for implementation. The status is reviewed during the annual work planning exercise of OIOS, where it may schedule follow-up reviews of non-implemented recommendations as part of its scheduled assignments. A list of critical recommendations issued before 1 July 2003 on which corrective action has not been completed is shown in annex II.

7. Critical recommendations address areas with far-reaching consequences for the Organization's performance. Figure 3 shows the distribution by impact area of the 473 critical recommendations issued during the reporting period, covering the efficiency and effectiveness of operations, accuracy of management information and administration and management of the Organization's resources. The category "other" includes improved security and disclosure of mismanagement, misconduct or fraud.

Figure 3
Impact of critical recommendations issued by the Office of Internal Oversight Services from July 2003 to June 2004


Other (4%)
Improved accuracy of management information (14%)
Improved operational efficiency and effectiveness (49%)
Improved administration and management (33%)

8. As shown in the table, OIOS recommended a total of $16.4 million in recoveries and reduced expenditure resulting from audits and investigations carried out during the reporting period.[3] Actual savings and recoveries totalled $26.6 million in the reporting period.[4] The average amount of annual recoveries and reduced expenditure recommended by OIOS over the past 10 years is $31 million, with an average total of about $16 million actually saved and recovered per year.

Table
Recommended and actual savings and recoveries in 2003/04
(Millions of United States dollars)

	Recommended	*Actual*[a]
Recoveries	6.9	14.9
Reduced expenditure	9.2	11.5
Other	0.3	0.2
Total	**16.4**	**26.6**

[a] Actual savings include amounts realized from recommendations made in the current and prior periods.

II. Oversight results

9. The presentation of oversight results in this section is organized around the high-risk areas identified by OIOS for 2004. The findings are the outcome of audit, evaluation, inspection, investigation and management consulting activities undertaken to mitigate the risks. OIOS uses a risk-based work planning process to prioritize and rationalize the allocation of resources to the oversight of programmatic and operational areas that have the greatest exposure to fraud, waste, abuse, inefficiencies and mismanagement. The systematic assessment of the risks associated with various programmes and activities is aimed at increasing OIOS accountability for the deployment of resources to oversight assignments.

10. OIOS monitors its risk management framework at quarterly intervals to ensure that the analysis is up to date and that actions are being carried out to mitigate risks. The risks are assessed on the basis of their likelihood and impact and do not necessarily reflect any weaknesses in the management or structure of the relevant programmes and agencies.

11. OIOS takes into consideration a number of factors in its annual work planning process: risk to the Organization's resources and reputation; requests from the General Assembly, departments and offices for oversight coverage; large-budget items; new activities with no previous oversight coverage; and priority areas for the Secretary-General's reform programme. The need for follow-up to critical recommendations in high-risk areas that have not been implemented by programme managers, as reflected in annexes I and II, also guides the OIOS work planning process.

> *Risk* is defined as the uncertainty that surrounds future events and outcomes. It is an expression of the likelihood and impact of an event with the potential to influence the achievement of the Organization's objectives and goals. *Risk management* is the systematic approach to setting the best course of action in areas of uncertainty by identifying, assessing, understanding, acting on and communicating risk issues.

A. Safety and security

12. International developments continue to threaten the safety and security of United Nations personnel and facilities at duty stations and field offices around the world. These threats require improved security systems, policies and training of personnel, as well as well-designed evacuation plans and protocols. The issue of staff security should remain a central concern for all United Nations managers. OIOS has therefore adopted a policy stipulating that all audits of field activities incorporate steps for the review of safety and security issues. OIOS has divided the category into the following risk areas:

(a) Safety and security of United Nations personnel;

(b) Safety and security of United Nations buildings and facilities;

(c) Emergency preparedness of United Nations institutions;

(d) Misuse of United Nations documentation by non-authorized or non-United Nations personnel.

13. OIOS is conducting a global, horizontal audit of field security procedures at 14 peacekeeping missions and 6 political and peace-building missions. The audit is being conducted in close cooperation with the Department of Peacekeeping Operations, the Office of the United Nations Security Coordinator (UNSECOORD) and the United Nations Development Programme (UNDP), on the basis of a joint audit programme. The aim is to assess the security management framework of the facilities, including the security plans, policies and procedures, and to evaluate the efficiency and effectiveness of the security function at each location. OIOS is preparing a consolidated report summarizing the results of its work at these locations.

14. OIOS has completed an audit of the utilization and management of funds appropriated during the 2002-2003 biennium for strengthening the security and safety of United Nations premises.[5] The audit focused on the implementation of proposals presented in the Secretary-General's report of 28 February 2002 (A/56/848), which entailed an estimated expenditure of $57.7 million, including one-time requirements for upgrading the physical and security infrastructure, acquiring related equipment and other expenditures totalling $44.8 million. The main objective of the audit was to determine whether the resources provided for strengthening safety and security were utilized as intended and managed efficiently and effectively in compliance with the Organization's established procedures.

15. OIOS concluded that the initial low rate of utilization of appropriations and delays in projects at Headquarters were due primarily to the time taken to finalize the main construction contract, which was signed only on 31 March 2004. Among other issues pertaining to projects at Headquarters, security-strengthening projects, approved by the General Assembly at an estimated $20.7 million, are now expected to cost more than $34.5 million, with considerable reduction in scope. At the United Nations Office at Geneva, the underutilization of funds by about $9.6 million (or 62 per cent of the revised appropriation) resulted from redesign of projects owing to the increased level of threat to the United Nations from the incidents of 11 September 2001 and 19 August 2003, and the delay in receiving the required permit from the host country for the Chemin de Fer entrance.

16. As a focus area for field audits of the Office of the United Nations High Commissioner for Refugees (UNHCR), starting in November 2003 OIOS reviewed UNHCR management of staff safety and security in 12 country operations. The main objectives were to determine the level of compliance with UNHCR security policy and to bring areas of security concern to the attention of UNHCR senior management. Often, due to budgetary constraints, recommendations made to upgrade security by UNHCR field safety advisers were not fully implemented. Also, reviews of security arrangements and of the conduct of periodic threat assessments were often pushed back due to pressures of day-to-day work in the field. In one recent emergency operation, staff safety and security issues were not adequately addressed. Only a few staff had completed the mandatory basic field security course on CD-ROM in the field; the UNSECOORD security plan incorporating emergency evacuation procedures was not in place; personal identity cards for staff to enforce access control at the office were not issued; many staff members did not have hand-

held radio sets because they were in short supply; the pre-deployment security briefing was not systematically provided; and several staff interviewed were not aware of or had seen the United Nations Field Security Handbook.

B. Procurement

17. With acquisitions exceeding $1 billion per biennium, the Secretariat's procurement activities are subject to a wide range of significant risks, including inefficiencies, uneconomical contracting and failure to adequately segregate duties and responsibilities, as well as fraud, waste and abuse. Audits focused on procurement by peacekeeping missions and procurement activities in the context of the capital master plan.

Capital master plan

18. OIOS concluded that there was reasonable assurance that the design development phase of the capital master plan had advanced satisfactorily between 1 January and 31 July 2003,[6] that it was transparent and fair and that internal controls were satisfactory. The main oversight challenge for OIOS will begin in the next phase of the project, when the United Nations begins negotiating architectural and engineering contracts with selected firms. OIOS is developing a detailed audit programme and requesting additional resources for that phase.

19. OIOS also reviewed the plan's contract documents and procedures such as the request for proposal. If implemented, OIOS recommendations will ensure that the capital master plan will conform to the United Nations document retention policy; that preliminary construction schedules will be submitted to the United Nations for approval; and that background investigation reports on successful bidders will be obtained on a case-by-case basis as deemed necessary. OIOS also provided on-the-spot oversight services regarding the contracts for the design development phase of the project, which resulted in the issuance of comments on various articles of the draft contract — for example, on the need for a proper construction conference to facilitate contract monitoring and control.

Headquarters Committee on Contracts

20. An OIOS audit found that the Headquarters Committee on Contracts had a profound impact on the Organization's procurement activities and that its operations needed to be improved.[7] OIOS recommended that the Committee's review function be made more efficient by increasing the current review threshold from $200,000 to at least $500,000. Management agreed that the current threshold should be examined, along with threshold levels of comparators and other factors such as assessed risk associated with increasing the level. In the Fifth Committee's informal discussions, a number of Member States expressed reservations about raising the level. Management noted the concerns expressed and indicated that it did not intend to increase the current threshold. OIOS also noted that the Chairman of the Committee reports administratively to the Office of Central Support Services, which performs the Organization's procurement function. Management was of the view that the recommendation to transfer the administrative authority of the Headquarters Committee on Contracts secretariat was not warranted in view of the functional independence and composition of the Committee, and the fact that the OIOS audit

did not reveal that its integrity had been compromised. The Office of Central Support Services accepted all other recommendations that will improve the Committee's overall effectiveness.

Contracts

21. The Procurement Division requested OIOS to audit the $21 million systems contract for engineering manpower for peacekeeping missions with the aim of improving the process. The audit revealed weaknesses in procurement controls over the registration of vendors and in the bid evaluation process. The Procurement Division agreed to strengthen its vendor registration process and improve transparency in evaluating bids for contract award. In addition, the Department of Peacekeeping Operations agreed to strengthen its needs assessment and technical evaluation process.

22. OIOS found that the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC) had not implemented controls to ensure that its rations contractor delivered the full amount contracted. In some instances, only half, or even fewer, of the items ordered were received. OIOS was advised that MONUC has implemented measures to monitor the delivery of rations by the contractor. In most contingents, stocks of combat rations were below the 14-day requirement. The Department of Peacekeeping Operations noted that the delay in replenishing stocks was caused by a delay in shipment by the rations contractor and confirmed that the replenishment of stocks of combat rations is now in compliance with the 14-day requirement. When implemented, OIOS recommendations will improve the overall management of the rations contract at MONUC.

23. An OIOS audit concluded that the Procurement Division did not adequately clarify the real purpose of the contract with the in-house shipping agent, in that the contractual terms were not fully described in the contract and amended as necessary. There was a need to effectively monitor the roster of freight forwarders. OIOS also highlighted the need for the Procurement Division to consider the feasibility of splitting sea freight from inland freight and delegating the latter to the field. OIOS believes that, if its recommendations are implemented, the management of Headquarters freight-forwarding contracts will be enhanced and cost savings realized.

Investigations

24. In 2002, MONUC issued a tender for additional office accommodation, which led to an allegation of a conflict of interest on the part of one officer and, as the investigation revealed, the failure to act on the knowledge of that conflict by two other officers responsible for the procurement. The OIOS investigation found that the manager entrusted by the Chief of Administrative Support Services to handle the tender had a cousin who was the principal owner of one of the companies involved in the tender. Instead of declaring the conflict of interest and recusing himself, the manager actually recommended his cousin's company, thereby violating the Staff Regulations.[8] Both the MONUC Chief of Procurement and the Chief of Integrated Support Services were aware of the officer's family ties but failed to act or to advise the Director of Administration when they recommended that his choice be approved. OIOS recommended that appropriate action be taken against the three managers for their failures and violations of the regulations and rules.

C. Management of peacekeeping operations

25. With an annual budget of over $2 billion, United Nations peacekeeping operations constitute a significant sector for which OIOS has oversight responsibility for ensuring that resources are used effectively and efficiently. OIOS will strive to maintain effective coverage to meet challenges of the expanding presence of United Nations peacekeeping missions around the world.

Impact of the recent restructuring of the Department of Peacekeeping Operations

26. In 2001, the General Assembly mandated a restructuring of the Department of Peacekeeping Operations aimed at enhancing the effectiveness of its work. At the request of the General Assembly, OIOS assessed the outcome and impact of the restructuring of the Department on the backstopping of its field operations.[9] The evaluation concluded that while the reform of the Department is on the right track, its full impact will need more time to gestate. The evaluation's recommendations cover a wide range of issues — from strategic planning, policy development and information and communication technology to logistics and financial and personnel management.

27. The immediate impact of the evaluation was in facilitating the reflection by Member States on the efficiency and effectiveness of the Department's activities. Some delegates noted that the evaluation was one of the most important reports before the Fifth Committee. Others stressed that it contained many important insights into what was working and what needed more attention and recognized that its impact would enhance the entire operational capacity of the Department at Headquarters and its interaction with peacekeeping operations.

28. The Department's Director of Change Management took the lead in setting out a relevant action plan. Implementation of most of the recommendations contained in the evaluation is under way in the areas of information management and lessons learned, and necessary measures are being taken in support services. However, it is reasonable to expect that the overall impact of the report will take about two years to be felt. OIOS believes that the full implementation of its recommendations will further advance the Department's strategic, analytical and operational capacity and will strengthen its multifaceted support of field operations.

Administration and finance

29. OIOS found that the average time taken by the Department of Peacekeeping Operations to recruit staff in the Professional category and above was substantially longer than the time envisaged by the Secretary-General, and that this was attributable mainly to the large number of applications received.[10] To reduce recruitment time, the Office of Human Resources Management agreed to coordinate with programme managers to develop filtering and sorting mechanisms for screening applications. To enhance transparency and fairness in recruitment, the Office of Human Resources Management also agreed that managers should use evaluation criteria established prior to the issuance of a vacancy announcement; that the qualifications and experience required for similar posts should be standardized; and that the existing eligibility requirements for the appointment of staff to posts at higher levels should be carefully reviewed.

30. OIOS has identified several aspects of field recruitment needing improvement and has recommended actions aimed at strengthening the monitoring of Department of Peacekeeping Operations recruitment actions; improving the operation of the Galaxy system; developing policy guidelines on geographical distribution and gender balance; efficiency gains resulting from the implementation of new information technology systems; and providing increased delegation of authority.[11]

31. As discussed in the recent report of OIOS to the General Assembly,[12] some $170 million in funds will be much better used and managed when the Department of Peacekeeping Operations and the Office of Programme Planning, Budget and Accounts implement the recommendations made in the audit of the administration of peacekeeping trust funds.

32. OIOS found that the strategic deployment stocks (SDS)[13] had not been established by the deadline of 30 June 2003. Only $88.5 million of the $141.5 million approved by the General Assembly had been committed by that date. Furthermore, only $21 million, or 15 per cent, of the newly procured items had been delivered. The Department of Peacekeeping Operations recently reported that all SDS procurement action had been initiated by the new deadline of 30 June 2004 set by the General Assembly. According to the Department, of the $141.5 million allocated to the programme, $141.3 million has been obligated for the procurement of SDS as of August 2004, and about 50 per cent of procured items have now been delivered. OIOS found that $5 million of the approved SDS budget had been diverted to uses not specifically included in the budget. The Department noted, however, that these funds were used for essential elements of SDS management, such as the development of an inventory system. OIOS also noted that 7 of the 12 posts intended for SDS were being used for other purposes. The Department confirmed that action has been taken to redeploy all local posts intended to support the programme. When implemented, OIOS recommendations will enhance compliance with General Assembly resolutions, ensure more expeditious implementation of the SDS programme and improve the effectiveness and efficiency of authorized expenditure in this area.

Field operations

33. An audit identified several potential improvements in the management and administration of contingent-owned equipment at MONUC, the reimbursements for which cost the United Nations approximately $87.5 million in the 2003/04 financial year. As a result, the Department of Peacekeeping Operations has implemented an operational readiness plan, improved the safety of ammunition storage and ensured that all issuances to contingents were properly accounted for.

34. An audit at MONUC of reimbursements to troop-contributing countries for peacekeeping troops identified errors in the daily troop-strength reporting system. The Mission has since strengthened controls over the payment of daily allowances and has taken action to ensure that leave and compensatory time off fully comply with established policies. The Department of Peacekeeping Operations is reviewing alternatives to the costly and cumbersome daily troop-strength reporting system and is considering harmonizing the leave entitlements of all military personnel and civilian police officers.

35. Mission subsistence allowance payments at MONUC totalled $64.8 million for the fiscal year ending 30 June 2003. An audit showed that the system used to

calculate monthly payments had several deficiencies that weakened data integrity and that attendance records needed to be controlled better. When implemented, OIOS recommendations will help improve management controls.

36. An audit to ensure that the United Nations Mission of Support in East Timor (UNMISET) had systems in place for providing common services to others, including non-Department of Peacekeeping Operations entities such as other United Nations agencies, non-governmental organizations and the Government of Timor-Leste, showed that there could have been savings of $1.1 million had the Mission sought reimbursement for these services. Although the Mission has disputed the recommendations in respect of recovery of fuel charges from the Government of Timor-Leste, there is now a greater awareness among its managers of the need to provide common services to others on a shared-cost basis. For example, the Mission has requested other agencies to contribute to the cost of providing medical services and has exercised great care in removing all United Nations assets from recently vacated properties.

37. The OIOS audit of UNMISET compliance with the results-based budgeting framework and financial regulations and rules in controlling the budget resulted in the decline of the volume of unliquidated obligations from $10.1 million to $5.1 million during the period from July 2003 to June 2004. The Mission is now paying greater attention to liquidating obligations before the year closes.

38. As a result of an OIOS audit, the management of the United Nations Mission in Liberia (UNMIL) agreed to introduce a cheque register, post an armed guard at the cashier's office entrance and use a pay office to pay workers daily. At the United Nations Mission in Sierra Leone (UNAMSIL), an audit observed that realistic estimates for monthly cash requirements were not made, resulting in excessive cash holdings. As a result, UNAMSIL reduced its cash holdings by taking into account the past monthly trends of payments to vendors and reviewed the transactions that are likely to result in payments in a given month.

39. OIOS observed that the Contingent-Owned Equipment unit at UNMIL was not adequately staffed, especially during the heavy influx of troops from various countries. As a result of the audit, proper accounting for United Nations-owned equipment was introduced and the inspection of contingent-owned equipment during troop rotations was initiated. Additional staffing was also provided. The Contingent-Owned Equipment Unit now conducts thorough inspections during troop rotation and repatriation. Proper inspection can prevent equipment overpayments to troop-contributing countries and ensure that equipment is properly accounted for and returned to asset managers, resulting in significant savings.

40. An audit of the telephone billing system at the United Nations Mission in Ethiopia and Eritrea (UNMEE) identified abuse and serious weaknesses in the administrative oversight of the use of telephone personal identification (PIN) numbers and incorrect telephone system settings. The Mission's internal investigation into the fraudulent use of PIN numbers showed that the amount involved in the abuse was $1.1 million. Some of these funds have been recovered, and the Department of Peacekeeping Operations reported that the Mission had instituted appropriate control procedures for the accurate recording and recovery of private telephone charges.

41. OIOS determined that UNAMSIL had been engaging a single contractor for the shipment of personal effects and paid more than $482,500 to that shipper without a written contract. This practice has since been changed, and the Mission is now using three independent movers, which is likely to result in cost efficiencies. The audit also put UNAMSIL staff on notice that they would be held accountable for any abuse of entitlement to the lump-sum option. One staff member has been reprimanded for such abuse, while another who was also implicated was disputing the charges.

Investigations

42. An investigation conducted by OIOS[14] concluded that a cockpit voice recorder (CVR) found to have been stored at the United Nations since 1994 was not from the presidential aircraft carrying the Presidents of Rwanda and Burundi when it crashed that year and did not contain any relevant information about the crash of that aircraft. The CVR was shipped in 1994 by staff at the United Nations Assistance Mission for Rwanda (UNAMIR) in Kigali to the Department of Peacekeeping Operations in New York. However, given its good condition, the origin and contents of the CVR were not analysed by staff at that time. Expert assistance of the United States National Transportation Safety Board, the International Civil Aviation Authority and a private Canadian firm specializing in recovering information from black boxes was obtained by OIOS, as well as testimony from UNAMIR military and civilian staff and Headquarters staff. The evidence proved conclusively that the CVR was not from the crash. OIOS noted that, given the potential legal and historical importance of the CVR, had staff at Department of Peacekeeping Operations headquarters reported its receipt to senior managers in 1994 and ordered a professional analysis done, the issue could have been resolved a decade ago. OIOS recommendations addressed the need to improve the following functions: reporting to senior management on issues of potential importance; archiving; risk assessment; and lessons learned.

43. An OIOS investigation conducted in collaboration with the Anti-Fraud Office (OLAF) of the European Commission revealed that a former senior staff member of UNMIK had committed several criminal offences to the financial detriment of UNMIK.[15] OIOS and OLAF established that he had caused the public electricity provider in Serbia to transfer $4.3 million due to the Kosovo Energy Company, derived from the sale of electricity on the power grid of the former Yugoslavia, to a bank account under his control in Gibraltar. After it was discovered that the funds were missing, the staff member transferred the remaining funds to his offshore account in Belize to evade recovery of the funds. OIOS referred the case to the authorities in Germany, and the staff member was subsequently prosecuted and sentenced to a prison term of three years and six months. The $4.3 million in embezzled funds has since been recovered and returned to UNMIK.

44. OIOS also confirmed that the former staff member had unlawfully obtained a further amount of €220,000 in UNMIK funds through the submission of false invoices. Further, in his recruitment process he had fraudulently made use of an academic title and had lied about his achievements, and the management of UNMIK hired him without verifying his qualifications. A harmonization of the recruitment procedures of the European Union and United Nations mechanisms in Kosovo would be an important first step towards avoiding similar incidents in the future.

45. In June 2004, OIOS completed an investigation substantiating the allegation of fraud against a United Nations Volunteers staff member who had falsified a total of 34 separate travel claims, thus defrauding MONUC of some $68,000. About $14,000 has been recovered so far. Although the staff member is responsible for having falsified the claims in the name of his colleagues and for filing and cashing these claims, the investigation report noted that the crime was facilitated by the lack of a verification system in the Finance Section of MONUC. OIOS has recommended that the matter be referred to the national authorities for criminal prosecution. OIOS has also recommended that the Department of Peacekeeping Operations and MONUC review current procedures for the payment and collection of claims in order to prevent such cases of fraud. The Department commented that the United Nations Volunteers staff member has signed a promissory note outlining how he intends to reimburse the Organization for the outstanding balance. MONUC has applied lessons learned from this case to improve its procedures relating to the payment and collection of travel claims. The Administration and Finance Section has been instructed not to process any travel claims unless confirmation is received in writing from the relevant immediate supervisor that travel has taken place as indicated.

46. The UNMIK Trust Fund for quick-impact projects in the Pec and Mitrovica regions of Kosovo was reviewed by auditors during the spring of 2003. The audit noted that direct contributions from Germany and Italy totalling €1.7 million had been deposited into bank accounts specifically opened for this purpose at the behest of the respective regional administrators, instead of being paid, as required, into the UNMIK Trust Fund or the Kosovo consolidated budget. A subsequent investigation found that this process violated the United Nations Financial Regulations and Rules. Furthermore, it was noted that to facilitate the monitoring and implementation of six direct-donor-funded projects totalling some €2.2 million, the Regional Administrator of the Pec region had bypassed normal review and approval channels on these sensitive projects and created gaps in funding and project accountability.

47. A team of OIOS investigators is currently looking into allegations of sexual exploitation of young girls by military contingent members in Bunia, Democratic Republic of the Congo. These matters are of critical importance to the credibility and reputation of the Organization as a whole and particularly to MONUC, given that the Secretary-General has spelled out a zero-tolerance policy on sexual exploitation. The results of this investigation will be used for appropriate follow-up action to be taken by the contingents and the troop-contributing countries themselves.

D. Information and communication technology

48. The Secretary-General regards information and communication technology (ICT) as fundamental to the reform process and is committed to aligning its use with the needs of the substantive programmes and the management and administrative processes of the Organization. The security aspect of such technology is therefore an important consideration. The main areas of risk to the Organization in this area are as follows:

(a) Unauthorized access to politically sensitive material, including external and internal hacking into Lotus Notes/e-mail and personal-computer-based documents;

(b) Physical damage to computer equipment;

(c) Unavailability or loss of systems or data because of power blackouts, etc.;

(d) Inadequate project planning;

(e) Shortcomings in systems auditability;

(f) Skills and training risks.

49. As part of its evaluation of the restructuring of the Department of Peacekeeping Operations,[9] OIOS conducted an in-depth review of the Department's ICT function. OIOS found that the absence of a formal and comprehensive ICT policy strategy aligned with that of the Secretariat worldwide resulted in systems being introduced piecemeal in response to pressing operational requirements rather than in line with agreed long-term plans. The Department noted that it is finalizing an action plan with clear deadlines and resource requirements for updating its ICT strategy and the comprehensive strategic plan for the Department and the peacekeeping missions. The Department is also developing an information management strategy.

Post-implementation review of the Integrated Management Information System at the United Nations Office at Geneva

50. From a web-based survey of Integrated Management Information System (IMIS) users, OIOS concluded that they were generally satisfied with the services provided. Nonetheless, there was still a need to improve user support to sustain and further enhance the level of user satisfaction. A logical framework is being implemented to strengthen strategic planning for the IMIS Service by formulating clear objectives and a mission statement, identifying expected accomplishments, developing mechanisms for the measurement and monitoring of performance, and identifying external factors (or risks) facing the IMIS Service in achieving the established objectives.

Information and communication technology management at the United Nations Office at Geneva

51. An OIOS audit showed that the United Nations Office at Geneva is in the process of developing an ICT implementation strategy that will include long- and short-term plans. An ICT Committee is being established at the United Nations Office at Geneva, and new terms of reference are being devised for the Technological Innovation Committee to continue the coordination of ICT initiatives between United Nations entities serviced by the United Nations Office at Geneva. The United Nations Office at Geneva web site and Intranet did not have sufficient mechanisms to ensure its usefulness and development in a consistent and efficient manner, but it now plans to adopt the policies and standardized practices of the iSeek project. On the basis of the results of a security audit, the disaster recovery and continuity plan will be updated.

E. Administration and finance

52. The risks associated with the administration of the Secretariat's human and financial resources include inefficiency, administrative duplication, complex bureaucratic procedures and practices, and inadequate maintenance and updating of regulations and rules. In its review of duplication, complexity and bureaucracy in United Nations administrative processes and procedures,[16] OIOS identified a number of risks to the Organization, including the fact that the Secretariat is not leveraging the advantages of technology or applying modern process management practices adopted by other organizations. Many administrative processes in the Secretariat are still manual, cumbersome, time-consuming, inefficient and costly to administer.

Temporary assistance for meetings

53. An audit showed that the Department for General Assembly and Conference Management has not exploited new technologies, such as long-distance interpretation, in its provision of services in the six official United Nations languages. This could have reduced the use of temporary assistance for meetings, the cost of which was $30 million for the last biennium. The audit identified several other indications that the cost of temporary assistance for meetings had not been sufficiently contained. OIOS identified several ways to improve human resource management, such as filling vacancies in a timely manner, avoiding the hiring of retirees on a recurring basis and increasing the use of less expensive local short-term staff. The Department for General Assembly and Conference Management indicated that the decision not to use remote interpretation was made on the basis of General Assembly resolution 57/283 B of 15 April 2003, requesting the Secretary-General not to conduct further pilots on remote interpretation until technological developments so warranted. However, the management of the Department assured OIOS that technological developments were being carefully monitored and that it intended to test remote interpretation again in the near future. Also, on the basis of OIOS recommendations, vacancies were being filled expeditiously. However, shortage of staff is still to be expected because the Department's permanent capacity was set below the required level and the turnover rate in translation services has been unusually high in recent years. The management of the Department also stated that it would continue its efforts to identify cost-effective working methods, including increasing local recruitment and implementing a pilot project on off-site translation.

Iraq Programme

54. Under Security Council resolution 1483 (2003), which terminated the oil-for-food programme, 5 per cent of the proceeds from the sale of Iraqi oil were to be deposited in the United Nations Compensation Fund. At the time of the audit $1.2 million had been transferred to the United Nations, but no mechanism had been established to ascertain the accuracy of the amounts received. OIOS recommended that such a mechanism be established to verify the correctness of receipts relating to the transfer of 5 per cent of oil revenues by the Coalition Provisional Authority to the Compensation Fund and that arrangements be made with the Coalition Provisional Authority for modalities to achieve this. Without such arrangements, there can be no assurance that the amount received is in accordance with Security

Council resolution 1483 (2003). The Department of Management commented in August 2004 that in the context of the audit of the Development Fund for Iraq, KPMG had been asked to verify the correctness of the receipts relating to the transfer of 5 per cent of oil sales to the Compensation Fund. The Department also noted that it would not be correct to say that there was no mechanism in place to ascertain the accuracy of the amounts received. OIOS wishes to point out that it was not provided a copy of the KPMG report, nor did it receive a response to its draft audit report issued in November 2003. Therefore, OIOS could not verify the amounts or determine if proper mechanisms were in place. Moreover, the report prepared by KPMG cannot be a substitute for implementing appropriate internal controls designed to ensure that revenues from the receipt of oil are in accordance with Security Council resolution 1483 (2003).

United Nations Compensation Commission

55. The OIOS audit of the United Nations Compensation Commission's processing of selected F3 claims[17] identified several deficiencies in their valuation and verification, which resulted in overcompensation to the claimants. The Compensation Commission secretariat accepted errors amounting to approximately $2.55 million, resulting from calculation and exchange-rate errors. However, the secretariat did not accept other deficiencies that were found in the audit. These included deficiencies in the claims process, such as overlapping claims resulting in double compensation; failure to consider cost savings; currency exchange and calculation errors; claims calculated on the basis of insufficient evidence; inadmissible claims; and inconsistent application of recommended adjustments. Further, in an opinion on the appropriate scope of OIOS audits of the processing and resolution of claims, apart from the computation by panels of the amounts of compensation that they recommend be paid, the Office of Legal Affairs said that it would not be proper for OIOS to review those aspects of the work of panels that are constituent elements of a legal process, and that it would equally not be proper for OIOS to review advice on the basis of which those aspects of that work is conducted.

56. However, OIOS has continued to conduct audits of the entire claims process. OIOS believes that the results of these audits will strengthen the quality control of the claims process, including by improving the consistency of processing and the procedures to avoid duplicate payments, ensure cost savings and protect the interests of the Organization.

Service d'achats des fonctionnaires internationaux

57. At the request of the Director-General of the United Nations Office at Geneva, OIOS audited the Service d'achats des fonctionnaires internationaux (SAFI), a shopping facility within the United Nations Office at Geneva compound, which is de facto owned and managed by the United Nations Office at Geneva Coordinating Council. OIOS found that the legal status of SAFI had not been clearly established, that the provisions of its statute were not complied with or had simply become obsolete and that oversight of the commercial operation was weak. As recommended by OIOS, the United Nations Office at Geneva is currently reviewing the arrangements and plans, among other things, to introduce charges for the use of United Nations premises and eventually to relocate the shop to enhance security and safety.

Medical services

58. OIOS found that the Headquarters Medical Services Division's current goals and objectives needed to be updated to emphasize its policy-making role and its focal-point responsibilities for the United Nations-wide medical services system. The Division's role in administering sick leave was straining its resources, and this function should be delegated to the executive offices, allowing the Division to focus on areas such as preventive medicine, health promotion and occupational health services. Management accepted the recommendations and has begun to implement them.

F. Programme management

59. The performance of the Organization is closely related to the ability of programme managers to plan and deliver their programmes in the most effective way. The Secretary-General's agenda for further change identified the need to strengthen monitoring and evaluation to enable a better assessment of the impact of the Organization's work. The Secretary-General concluded that the evaluation capacity in the Secretariat could be further strengthened through a better placement of the evaluation function in each programme; enhanced use of evaluation results and lessons learned; and identification of resources for monitoring and evaluation.[18] Consistent efforts should be made to foster an evaluation culture that translates learning from both positive and negative outcomes into action.

Regional commissions

60. Recent OIOS audits of United Nations regional commissions[19] found, inter alia, that their intergovernmental bodies needed to constantly review their adherence to rules and that the calendars of commission meetings needed to be harmonized with the submission of the biennial programme plan or the proposed programme budget. Inconsistencies and weaknesses in the self-evaluation exercises carried out by most of the regional commissions needed to be corrected, and the resulting recommendations needed to be more systematically monitored. Common policies for prioritizing the issuance of publications and assessing their quality were also needed. When implemented, OIOS recommendations are expected to result in better synergy between the regional commissions' budget proposals and the needs of their work programmes, and in significant improvements in the quality and impact of the commissions' outputs.

61. OIOS recommended that the Economic and Social Commission for Western Asia (ESCWA) and the Economic Commission for Africa (ECA) should evaluate the new decentralized statistics arrangement in consultation with Member States, the Statistics Division and the Department of Economic and Social Affairs. OIOS concluded that the re-establishment of separate statistics divisions would strengthen the statistical strategy and outputs of ESCWA and ECA and improve methodological standards in the respective regions.

62. The Economic Commission for Latin America and the Caribbean has initiated a review aimed at improving its intergovernmental structure and has also amended the calendar for its Commission session to more closely realign it with the submission of the proposed programme budget. ECLAC is also redeploying some of its staff resources from programme planning to its substantive divisions. In addition,

ECA has improved arrangements for handling activities in accordance with the regulations and rules. However, its Information Services Section has made little progress in the development of the procurement and inventory/stores system, and there are still delays in the processing of staff entitlements, which suggests a need for a further strengthening of arrangements for establishing and monitoring time frames.

The non-governmental organization accreditation process

63. Following a review, OIOS has recommended improvements in the non-governmental organization (NGO) accreditation process, which would result in cost savings by reducing the number and duration of the NGO Committee's meetings and simplifying the accreditation process. The audit found that the process for accrediting NGOs to Economic and Social Council consultative status provided for in Economic and Social Council resolution 1996/31 was not designed to handle the volume of applications received and has been affected by process inefficiencies. Monitoring should be improved to remove inactive NGOs from the list, and the paperless accreditation process already initiated by the Department of Economic and Social Affairs should be further developed. At the request of the Panel of Eminent Persons on United Nations-Civil Society Relations, chaired by the former President of Brazil, Fernando Henrique Cardoso, OIOS provided input during the course of the Panel's examination of the subject.

Programme performance

64. The report of the Secretary-General on programme performance of the United Nations for the biennium 2002-2003[20] completed the first planning, budgeting, monitoring and reporting cycle of the Secretariat in which results-based methods were comprehensively applied. The performance of the Secretariat's 29 programmes was assessed in relation to expected accomplishments, as gauged by indicators of achievement defined before implementation began. Key results of the United Nations activities were presented in the framework of priority areas of the medium-term plan for 2002-2005 and key objectives of the Millennium Declaration. "Highlights of results" for each budget section presented key achievements of each programme, while "subprogramme accomplishments" described progress in attaining each expected accomplishment on the basis of indicators of achievement and information on results obtained from other sources, such as external and internal evaluations. Lessons learned or areas needing improvement were also indicated.

65. The 2002-2003 biennium witnessed a wide variety of outcomes of the Organization's activities. These include new international agreements in all its priority areas and reliable mechanisms for monitoring their implementation and enhancing national and regional capacities to translate such commitments into reality; stronger peacemaking, peacekeeping and peace-building capacities; provision of humanitarian assistance to tens of millions of people in need; and assistance in the development of economic and social policies, capacity-building and advising on policy choices that would support sustainable development and protect the environment.

66. Undeniably, the results-based focus has become a part of the Organization's culture, though the degree of acceptance and ownership of this new concept and its mastery varied significantly among departments and offices. The nature of the

subject matter, as well as the attention given to the new approach by senior management, were the main factors in determining the level of acceptance. To support the shift from reporting primarily on outputs to emphasizing reporting on results, a strategy was developed early in the biennium to engage programme managers at several key points during the cycle. The Integrated Monitoring and Documentation Information System (IMDIS) was enhanced to capture all required reporting data, and a training programme was developed to enhance the ability of programme managers to gather data and report on results.

67. The Committee for Programme and Coordination commended the innovative approach used to format and distribute the programme performance report. It recommended that the General Assembly request the Secretary-General to continue improving the implementation of results-based budgeting and management of programmes and to provide overall support and guidance to all departments in managing for results, including through the issuance of guidelines, handbooks and manuals for the monitoring and evaluation of the work undertaken. The Committee noted with appreciation the presentation of results at the levels of the Organization, sections and subprogrammes. It requested that the programme performance report for the biennium 2004-2005 include in each section a box with a brief description of challenges, obstacles and unmet goals, to facilitate its evaluation of issues affecting programmatic performance.

Strengthening the role of evaluation

68. OIOS concludes that the evaluation capacity in the Secretariat is sustained by reasonably sound institutional arrangements and evaluation practices.[18] However, the following areas are recommended for further action, which is expected to lead to noticeable change in monitoring and evaluation practices in the Secretariat in the short and medium term:

(a) *Upgrading evaluation planning and resource allocation.* Budget instructions for 2006-2007 will require managers to describe how the results of self-evaluations have been used and specify resources to be used for self-evaluation. The managers will need to prepare biennial evaluation plans that cover both external and self-evaluation activity for the biennium 2006-2007;

(b) *Enhancing the use of programme performance and evaluation information for planning.* In order to streamline and enhance links between performance assessment and planning, managers will be requested to prepare first drafts of their accomplishment accounts for the current biennium (2004-2005) in September 2005, prior to formulating their draft strategic frameworks for the biennium 2008-2009, which will be done in December 2005-January 2006;

(c) *Enhancing IMDIS.* OIOS will continue to support improvements in IMDIS to ensure that the needs of programme managers guide the design of the changes made;

(d) *Promoting consistency in evaluation methodology.* A glossary of common evaluation terminology and guidelines on evaluation planning will be released in conjunction with budget instructions later this year. A handbook on common evaluation policies, procedures and standards will also be developed in 2005.

Global conference management

69. The Department for General Assembly and Conference Management requested OIOS to provide consulting services to identify ways of better integrating conference services management at United Nations Headquarters, the United Nations Office at Geneva, the United Nations Office at Vienna and the United Nations Office at Nairobi.[21] OIOS developed a model providing for the establishment of nine task forces, each comprising representatives from the four duty stations, to develop collaboratively standard policies and procedures to be implemented at the four duty stations. The need to take into account the specificities of each duty station in the development of those standard policies and procedures was recognized by OIOS. The nine task forces will finalize their work in 2005.Their findings, as adopted by the 2004 and 2005 Coordination Meetings of Conference Managers, will be incorporated into a manual of policies and procedures aimed at increasing the coordination and uniformity of procedures across the system. OIOS has also recommended that the appointment of the head of conference services at each duty station away from Headquarters be made by the Director-General of the duty station in close consultation with the Under-Secretary-General of the Department for General Assembly and Conference Management, to promote collaboration. Several recommendations relating to improved coordination and communication are already being implemented by the Department.

Sustainable development

70. OIOS conducted a triennial review of the implementation of the recommendations made by the Committee for Programme and Coordination at its forty-first session on the in-depth evaluation of sustainable development[22] to assess the results. OIOS concluded that over the past three years, progress had been made towards promoting and strengthening the sustainable development agenda. The Division for Sustainable Development of the Department of Economic and Social Affairs had achieved a number of results. Steps had been taken to strengthen intergovernmental processes for sustainable development, and the Division had also successfully partnered with other United Nations agencies in the sustainable development arena. Further, the enhancement of the Division's web site, its quarterly newsletters and its ongoing partnership with the Department of Public Information had all served to increase access to information by both government representatives and the public. The Division also improved the quality of that information by increasingly incorporating regional and major group perspectives and by relying on diversified sources of information from other United Nations agencies and the scientific and business communities. The Division still needs to continue its efforts to disseminate the concept of sustainable development, to streamline national reporting and to further strengthen its technical cooperation programme and support national Governments' monitoring of their national sustainable development strategies.

Pilot thematic evaluation

71. OIOS further developed topics for a pilot thematic evaluation[23] that would provide systematic assessment of a specific, cross-cutting theme or activity, with the objective of giving strategic and timely information for decision-making about programme content, structure, implementation and results. Such a thematic evaluation would also provide a review of the coordination and cooperation among

various programmes in the United Nations that share common activities and goals. The Committee for Programme and Coordination has agreed with the benefits of performing thematic evaluations and selected the theme "Linkages between headquarters and field activities: a review of best practices for poverty eradication in the framework of the United Nations Millennium Declaration". The pilot thematic evaluation will be presented to the Committee at its next session, in 2005.

Public administration, finance and development

72. An in-depth evaluation of the programme on public administration, finance and development[24] concluded that within the framework of the results-based budget for the biennium 2002-2003 the programme has achieved positive results. The Division for Public Administration and Development Management, Department of Economic and Social Affairs, has contributed in significant ways to Governments' broader and deeper understanding of major issues of public administration. Through the provision of substantive and material support to the Global Forums on Reinventing Government, the Division has reached out to a larger public of policy makers and practitioners, raised their awareness and created a better understanding of emerging issues of public administration. The Division's global electronic network has improved the timely access of Member States to data and information on public administration. OIOS recommended that the Division further improve its performance with regard to rationalizing the scope and focus of its work; improving the repertoire of best practices on public administration; developing an information strategy to publicize more effectively the Division's services; and strengthening the global electronic network on public administration. When the recommendations are implemented, the impact and effectiveness of the Division's outputs and information strategy will be enhanced. The Committee for Programme and Coordination endorsed the report and further recommended that the Secretary-General make proposals to the General Assembly as required.

Population

73. In its triennial review of the in-depth evaluation of the population programme,[25] OIOS concluded that the Population Division of the Department of Economic and Social Affairs and the population units of the regional commissions have taken adequate measures to enhance the quality and increase the free dissemination of their products. The Division has clarified its methods and assumptions using interdisciplinary approaches to analyse the interrelationships between population and other aspects of development. The Department of Economic and Social Affairs and the regional commissions have helped Governments build national capacity in the methods of demographic and social statistics. There have been increasing exchanges between the regional commissions and the Department on work methods, procedures, joint participation and working groups. The Population Division should continue to collaborate with the population units of the regional commissions on population research. It should also play a useful role in raising the awareness of the international community concerning the continuing need to support basic demographic research conducted by the United Nations at both the global and the regional level.

Children and armed conflict

74. The Secretary-General requested OIOS to assess the effectiveness and efficiency of the United Nations system response to issues of children and armed conflict. The review included the mandates and operational activities of, as well as the coordination between, United Nations agencies/offices and key non-United Nations actors dealing with such issues, focusing on the role of the Office of the Special Representative of the Secretary-General for Children and Armed Conflict in bringing together key actors within and outside the United Nations to promote more concerted and effective responses. The review drew specific conclusions about the appropriateness of the current institutional structure to respond to such issues. OIOS found, among other things, that much progress in the United Nations system response to issues of children and armed conflict has been achieved since the landmark 1996 report by Graça Machel entitled "Impact of armed conflict on children".[26] However, substantial improvements were still required in key functions such as advocacy, monitoring and reporting, mainstreaming and coordination.

United Nations System Staff College

75. An OIOS audit determined that as a result of more positive action and clearer strategic planning, the United Nations System Staff College has completed its transition from a project to an independent institution. The Staff College is seeking the support of its Board of Governors to increase the agreed annual contributions of member organizations, exploring other potential sources of funding and re-evaluating and reformulating its programmes. It is also reviewing the size of its administrative staff and revising its administrative procedures and programme manuals, and has taken steps to ensure that staff and consultants are managed in accordance with the United Nations Staff Regulations and Rules.

United Nations Environment Programme

76. An audit of the Division of Technology, Industry and Economics of the United Nations Environment Programme (UNEP) showed that the Division has improved its handling of administrative matters. However, the Division is still lacking basic data to establish an overall picture of its advisory bodies and how they contribute to its work. The mandate and rationale for the current organizational structure are still unclear and in need of review.

77. UNEP still needs to implement a mechanism to provide an overview of the mandates and missions of its divisions. It also still needs to strengthen administrative arrangements for its Nairobi-based divisions in the areas of management information, budget control and asset management, which were areas recommended for improvements in the audit of the Division for Early Warning and Assessment.

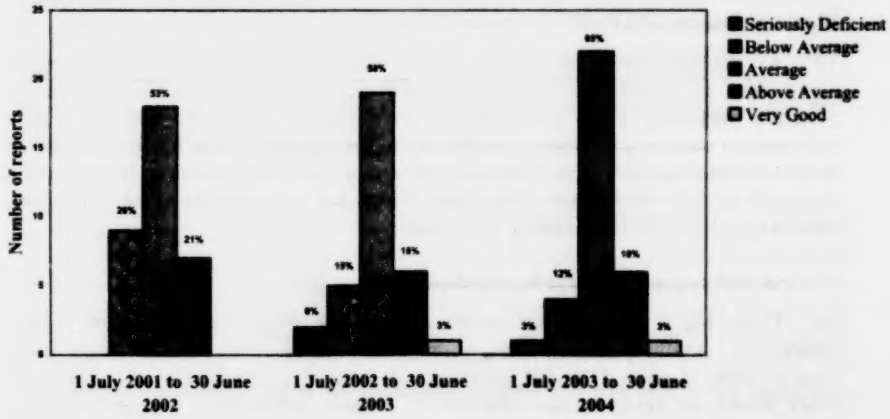
G. Office of the United Nations High Commissioner for Refugees

78. OIOS audited the operations and activities of UNHCR in 29 countries and at Headquarters, covering $218 million, or 22 per cent, of the total UNHCR expenditure of $983 million in 2003. Thirty-four audit reports were issued to senior management and more than 60 audit observations to managers in the field. UNHCR has been timely in responding to audit reports and audit observations, and in

addressing the issues raised by OIOS. As at the end of June, more than half of the audit recommendations made during the 12-month period had been fully implemented, while for another one third, the implementation had started and was still in progress. Most of the audit recommendations were aimed at improving programme and project management, human resources management, financial management and procurement. As a result of these audits, savings and recoveries totalling approximately $1.7 million were recommended. Actual savings and recoveries during the period, resulting from audits during the current and prior reporting periods, totalled $2.4 million. The process of recovery is ongoing and may extend over several years.

79. OIOS continues to rate the effectiveness of the application of key internal controls in audited operations of UNHCR. This facilitates benchmarking between country operations, provides management with assurance that activities are well or adequately administered and assists in identifying operations in which prompt corrective action is required. Some 64 per cent of the audited operations for this period were rated as average, 21 per cent were above average or very good and 15 per cent were below average or deficient. OIOS is pleased to note that since 2001, the percentage of audited operations rated as average and above has steadily increased.

Figure 4
Audit assessments of operations of the Office of the United Nations High Commissioner for Refugees by the Office of Internal Oversight Services



Field operations

80. Problems continue to be inherent in the UNHCR management of assets; controls are less than satisfactory in many of the operations audited. In one operation, inadequate planning for the redeployment of vehicles resulted in an estimated loss of $850,000 to UNHCR. The Board of Auditors also highlighted asset management as an area of concern and concluded that the UNHCR system for tracking assets could not be entirely relied on. Taxes continue to be imposed by a number of Governments on goods and services procured from humanitarian funds. More than $1 million in value-added tax levied on fuel remains to be recovered

from one country alone; another Government continues to impose some $300,000 annually as a road tax. A general improvement was noted in UNHCR financial monitoring of implementing partner activities. Field offices are now more systematically assessing the level of compliance with sub-agreements and initiating remedial action when necessary.

Human resources management

81. UNHCR has made continuous and successful efforts to improve and streamline the process of deploying staff to emergency operations. From lessons learned, UNHCR has reinforced its Emergency and Security Service structure, increased the capacity of its Emergency Response Team roster and introduced a fast-track deployment system to expedite staff's deployment to emergency operations. Nonetheless, the 72-hour target for deployment of staff has not always been achieved, initiatives to augment emergency staff rosters have not been fully successful and difficulties have been encountered in finding experienced volunteers.

82. The effectiveness of the decentralization of the human resources function to a clustered/situational approach was reviewed. OIOS noted many benefits to having such a function close to field staff, but the lack of a distinct regional structure made it difficult to operate effectively. This, together with the potential economies from recentralizing and streamlining work processes, led OIOS to conclude that the outposted personnel should be centralized. OIOS estimated that the reorganization, which has since taken place, would generate staff cost savings of over $300,000 per year.

Media Relations and Public Information Service

83. As recommended by OIOS, the establishment of a Print Publications Committee to coordinate publications will encourage medium-term planning, generate efficiency gains and promote the UNHCR brand. An updated public information manual will ensure consistency in the approach taken by field offices in media activities as well as in their development of local web sites. The insertion of a fund-raising flyer in *Refugees* magazine, which has a readership of over 250,000, should help UNHCR fund-raising activities.

Central and regional emergency stockpiling

84. Following a critical assessment of UNHCR preparedness for emergency operations, action was taken to increase emergency stock levels. With these arrangements in place, UNHCR claims that delivery response time has been reduced from weeks to days. In the absence of reliable information and performance indicators, the correctness of this statement could not be assessed. Efforts are being made by UNHCR to obtain consolidated information on inventory, but there is no global tracking system to monitor the quantity of stocks on hand, estimated at over $50 million, which is a material amount. OIOS advocated the idea that with adequate central data and analytical procedures, inventory management could be improved to realize cost savings. Moreover, the adoption of a more flexible policy in the purchasing and deployment of stocks could reduce overstocking and help the less well-funded operations.

Management Systems Renewal Project

85. UNHCR is currently introducing the Management Systems Renewal Project, an integrated enterprise resource planning system, which will encompass finance, supply management and, eventually, human resources management. OIOS reviewed the procurement activities under the system's implementer contract and found, among other things, that that procurement process was structured and competitive. However, time pressures and the acceleration of the process resulted in its not always being transparent, fair or compliant. UNHCR was able to negotiate a significant price reduction from the original offer, but the change in contract type from one based on fixed price to one based on time and materials shifted most of the risks of non-timely completion onto UNHCR and made the comparison between the bids impossible. OIOS is pleased to note that the Management Systems Renewal Project project team has so far been able to stay within established targets and resource budgets.

86. Poor coordination between various actors within UNHCR, as well as a lack of transparency in the actions taken and the decisions made, resulted in delays in the migration of data to the hosting platform. As a result of OIOS recommendations, the additional migration fees being imposed by the contractor were negotiated down by over $100,000, and an improved communication line was established.

87. In May 2004, OIOS conducted an investigation into a report received from a female staff member of UNHCR who alleged that she had been sexually harassed by the High Commissioner and, in two separate but related incidents, had been subsequently harassed by a senior manager of UNHCR. OIOS submitted a report to the Secretary-General on the allegations. The Secretary-General reviewed the report and the responses of the High Commissioner and the senior manager to the report. While he found that the complaints could not be sustained by the evidence, he had written to the High Commissioner conveying in the strongest terms his concerns about the incident that gave rise to the complaint.

88. OIOS conducted an investigation into allegations of abuse of authority by the Honorary Representative of a UNHCR field office. The investigation produced evidence that the Honorary Representative, who had held his position since 1967, had for many years misused UNHCR assets and engaged in activities incompatible with the discharge of his duties with the Organization. Among other things, the Honorary Representative had used his staff for the purchase and subsequent resale (at a higher price) of international driver licences in the UNHCR office during working hours. As recommended by OIOS, UNHCR has discontinued the consultancy contract of the Honorary Representative and will review the operations in that field office.

H. United Nations Office on Drugs and Crime

89. Following OIOS recommendations, improved guidelines for field offices are being drafted to assist United Nations Office on Drugs and Crime management and to ensure that its field offices are administered in a more efficient and consistent manner. On the signing of a new memorandum of understanding with UNDP on administrative matters, the Office on Drugs and Crime is seeking the establishment of benchmarks and performance indicators to measure the quality and level of

services provided. This will be beneficial in identifying where improvement is required and where efficiencies can be achieved.

90. As also recommended, the Office on Drugs and Crime is promoting and implementing best practices in project management and staff development to enhance the effectiveness and sustainability of projects, as well as to meet future challenges. Financial constraints and the lack of government counterpart capabilities adversely affect the effectiveness and sustainability of some projects, which thus warrant closer monitoring. Project financial management is being improved through tighter monitoring of funds and the introduction of a standardized expenditure tracking system.

Investigation

91. OIOS received allegations of corruption in the Office on Drugs and Crime, which included violations of United Nations travel rules, conflicts of interest in the award of contracts and mismanagement and retaliation by management of the Office on Drugs and Crime. Although the evidence did reveal an instance of conflict of interest in the award of contracts by a senior manager, the other allegations were not substantiated. OIOS noted that when the allegations were first raised, the response by managers created an atmosphere of threat, if not actual threat, to those raising the allegations and had an effect on other staff. OIOS recommended the taking of appropriate action against the senior manager; clearing those staff against whom the allegations were not proved by evidence; reminding staff that they are entitled to make good-faith allegations without fear of reprisal; improving training and opportunities for dispute resolution; and better understanding of United Nations regulations and rules.

I. International Tribunals

92. The International Criminal Tribunals for Rwanda and for the former Yugoslavia were set up by the Security Council to bring to justice persons responsible for serious violations of international humanitarian law. The Offices of the Prosecutor of the two Tribunals conduct investigations, prepare indictments and present prosecutions before the judges of the Tribunals. The Registries of the two Tribunals are responsible for administration and judicial support services, including the translation of documents and the interpretation of court proceedings. As the Tribunals are relatively new institutions, their key management challenges are their legal aid system, defence counsel practices and other processes established for them to undertake their important mandate.

93. An audit of the Offices of the Prosecutor at the two Tribunals found that a number of important initiatives had been undertaken to improve their performance through the use of information technology and by making changes in working methods.[27] However, information-sharing was not always adequate, there was a lack of adoption of best practices and some opportunities for building synergies were missed. Overall, there was insufficient information to confirm the Tribunals' contention to the Security Council that the investigation and prosecution mandates of the Offices of the Prosecutor would be completed by 2004 and 2008, respectively. There was no coherent documentation of a strategy, and not all factors seem to have

been identified that could have an impact on the two Tribunals' ability to meet their mandated completion dates.

94. The OIOS audit noted that while the Court Management Support Services of the International Criminal Tribunal for the former Yugoslavia were providing effective support services to the chambers, further efficiencies could be made by changing certain administrative arrangements. The Tribunal agreed with OIOS that there was scope to reduce the current expenditure of $3 million on overtime by strengthening existing controls and procedures.

Investigations

95. At the request of the administration of the International Criminal Tribunal for Rwanda, OIOS investigated fraudulent education grant claims submitted by a security officer between 1998 and 2002. The investigators found evidence that the staff member had submitted forged documents to the Organization containing inflated claims and falsehoods, thereby defrauding the Organization of some $130,000 and attempting to obtain a further $23,000. The administration of the Tribunal is in the process of implementing OIOS recommendations in respect of this case.

96. OIOS found that an investigator in the Office of the Prosecutor at the International Criminal Tribunal for Rwanda had registered a private security and investigation company in his home country and had been actively operating it since early 2003, without the required approval. The business of the company was to provide investigation services similar to those the staff member was performing at the Tribunal. OIOS found that, besides engaging in this blatant conflict of interest, the staff member fraudulently took uncertified sick leave to attend to his private business. OIOS is awaiting the follow-up action of the Tribunal on this matter.

J. United Nations Joint Staff Pension Fund

97. In view of the significant value of investments managed ($26.5 billion as at the end of June 2003) and the large number of Pension Fund participants (some 82,000 former staff members), OIOS employs a risk-based approach in planning its audit coverage of the Fund, based on the previous audit results and preliminary risk assessments of the Fund's operations. OIOS completed several audits of the Fund's operations during the year in review, including audits of cash management, human resources management and investment performance measurement.

98. The Fund has taken a proactive approach to internal oversight through the establishment of a committee to review the status of audit recommendations and to ensure their implementation. One of the key decisions taken in 2003 by the Representative of the Secretary-General for the Investments of the Fund was the adoption, as recommended by OIOS, of the code of ethics and standards of professional conduct by all investment officers and staff members that are involved in investment activities of the Investment Management Service and in the Treasury of the Secretariat of the United Nations. OIOS also developed, in close cooperation with the Fund secretariat, an audit charter that was approved by the Pension Board at its 2004 meeting.

99. In March 2004, the Fund's Investment Management Service reported that it had initiated various procedural improvements, including steps to undertake effective investment performance evaluations and draw up an improved operations manual. In addition, as recommended by OIOS, the Representative of the Secretary-General has engaged the services of a consulting company to conduct a comprehensive review of the Fund's investment practices, including the performance measurement process. This review is now in progress and is focusing on governance structure, investment objectives, asset classes, currency hedging, asset liability management, strategic asset allocation, benchmarking, information technology infrastructure, use of a master record keeper, real estate management and staffing. The Fund's compliance and cost structures will also be reviewed.

100. The Fund's investment performance measurement system showed that investment returns exceeded its overall benchmark. However, relative to industry best practices, the Fund's performance measurement process needs to be improved. If implemented, OIOS recommendations will improve the performance reporting of the Fund's investment officers, as well as discretionary and non-discretionary advisers, and enable peer comparisons.

101. In December 2002, the Fund acquired as an investment a building located in New York City at a cost of $180.5 million. The OIOS review concluded that while the acquisition may have been a sound investment, the Investment Management Service did not adequately oversee the transaction or take necessary steps, such as consulting with the Office of Legal Affairs in reviewing non-financial implications of the transaction, or with the Procurement Division in adhering to prescribed procurement policies and procedures. The Investment Management Service agreed with the recommendations of OIOS and made a commitment to promptly and properly consult with the Office of Legal Affairs and the Procurement Division in respect of such transactions. OIOS has been advised that the Representative of the Secretary-General has decided to divest the Fund of this property because of policy issues and the management responsibilities of owning and renting the building. The Investment Management Service has been consulting with the Office of Legal Affairs and the Procurement Division concerning the sale, and has informed OIOS that no direct investments of this nature will be pursued by the Fund in the future.

III. Review of the Office of Internal Oversight Services

A. Introduction

102. From November 2003 to June 2004, OIOS conducted an Office-wide review aimed at taking stock of its activities. The primary aim was to assist the General Assembly in undertaking its mandated five-year evaluation and review of OIOS in accordance with paragraph 20 of resolution 54/244.[28] OIOS divisions conducted individual self-evaluations, the results of which are presented below.

103. Information for the review was obtained from the following:

(a) Results of the audit of OIOS conducted by the Board of Auditors for the biennium 2002-2003 and in 2004;

(b) Results of the Strategic Planning Retreat with OIOS managers, held in February 2004;

(c) Review of internal documents and assessments covering the period 1999-2004;

(d) Results of two focus group discussions and separate interviews with a total of 28 representatives of 14 client departments and offices at Headquarters and duty stations in Nairobi, Vienna and Geneva;

(e) Discussions with delegates to the Fifth Committee.

B. Achievements and strengths

Operational independence

104. Independent oversight, which is a cornerstone of good governance, is assured in the provisions of the General Assembly mandate for OIOS. Accordingly, a delegation of authority similar to that given to funds and programmes will bring OIOS up to full compliance with its mandate and ensure the provision of objective, unbiased and adequate oversight. Operational independence in this context would mean a change to the current procedure by which resource proposals and allocations pertaining to OIOS are considered.

105. In addition, there is a concern that the current process of reimbursing OIOS for investigative services it provides for funds and programmes also represents a potential conflict of interest. To avoid such conflicts, some client representatives proposed that separate funding should be provided on a cost-sharing basis, as is already the practice among certain United Nations entities.

106. A number of client departments indicated that full operational independence was critically important for ensuring the quality and credibility of internal oversight in the United Nations. The independence of OIOS was also viewed as being necessary in order to provide executive management with impartial advice and assessments of programme managers' performance. Some noted that the often bold recommendations of OIOS were evidence that the Office was sufficiently independent. Feedback from delegates in the Fifth Committee suggested that the perception of OIOS independence correlated with the level of confidence and trust in the leadership of the Office in this respect. Some client departments noted that as an independent, internal Office, OIOS had the requisite knowledge and understanding of United Nations operations, giving its oversight services a competitive advantage over the external oversight bodies.

External and internal reporting procedures

107. According to the feedback received, Member States view OIOS reports to the General Assembly as valuable sources of information. With the development of horizontal approaches to oversight assignments and an increased focus on thematic issues and risks, the usefulness and value of OIOS reports have increased. OIOS has also instituted an internal peer review process aimed at standardizing the quality of its reports. Furthermore, an outside peer review of the Investigations Division will soon be conducted by the Anti-Fraud Office of the European Commission. The number of specific requests for OIOS studies and reviews has multiplied over the last five years, suggesting that Member States find the information to be useful for their decision-making processes. Some delegates encouraged OIOS to consolidate this external reporting in the annual report rather than issuing separate documents.

The annual report was cited as a welcome report card on the overall health of the Organization. Trends and analytical summaries of the main impact of oversight activities were viewed as especially useful, complementing detailed information on specific assignments.

108. Client departments increasingly see OIOS as their partner and appreciate the client orientation of the Office. However, some departments pointed out that while the perception of internal oversight was positive, the internal reporting tools of OIOS needed to be consistent with client needs. Reporting on the implementation of OIOS recommendations should be ongoing — as and when progress takes place rather than at six-month intervals — and consolidated with other forms of programme performance reporting, while at the same time making more effective use of interactive management information systems.

109. In cases of disagreement or lack of implementation on the part of a programme manager, the semi-annual OIOS report to the Secretary-General, mandated by the General Assembly, is a necessary tool for keeping the senior-most levels of the Organization informed about compliance issues. However, given the report's limited circulation, it is necessary to re-examine how effective this report is in meeting the needs of senior managers in the Organization.

Functions

110. The data collected for the review indicate that the overall quality and impact of OIOS oversight activities have increased over the past five years. To meet emerging needs for effective and efficient internal oversight coverage, OIOS has made certain adjustments to its structure.[29] By bringing the monitoring, inspection, evaluation and management consulting functions together in one Division, synergies are being realized between these specific oversight disciplines. The internal audit function has been rationalized so that Internal Audit Division I (New York) and Internal Audit Division II (Geneva and Nairobi) report separately to the Under-Secretary-General for Internal Oversight Services. This arrangement provides for more effective and responsive audit coverage of the client departments away from Headquarters, while ensuring close collaboration on strategic issues. The Investigations Division has opened a new office in Vienna, moving most of its investigators there. This enables the Division to realize substantial cost savings and closer contacts with many of the offices for which it conducts investigations, given that 90 per cent of cases investigated by the Division are located away from United Nations Headquarters.

Internal Audit Divisions I and II

111. Since the establishment of OIOS, the internal audit function has evolved into an independent source of assessments and advice, assisting management in the effective discharge of its responsibilities and enhancing accountability and performance in the Organization. Internal Audit Divisions I and II have developed a methodology for identifying best practices and formalizing audit risk-assessment procedures. The increased use of resident auditors at peacekeeping missions and in other United Nations field activities has further enhanced the Divisions' audit effectiveness. There is a sense on the part of clients that this modality has cultivated a team spirit that is necessary to collectively work out how to assess areas of performance that have not been previously benchmarked. A key initiative is the Client Profile Database, which facilitates horizontal risk comparisons among

departments and allows for better assessments of audit priorities for planning. The computer-assisted electronic working paper system is being implemented to automate, systematize and harmonize the audit processes of the two Divisions.

112. Over the past five years, the Internal Audit Divisions have increased their dialogue with Member States through the publication of audit reports and well-received briefings provided at the request of the latter. This includes a recent briefing by the chief resident auditors of the major peacekeeping missions, summarizing the results of mission risk assessments, priority audit areas, highlights of key audits and corrective actions taken by the missions. The Divisions have also taken on a leadership role in conferences of Representatives of Internal Audit Services of the United Nations Organizations and Multilateral Financial Institutions, the forum for United Nations internal audit services, with a view to improving cooperation and coordination among United Nations system auditors; sharing leading audit practices; and adopting common standards, approaches and methodologies. The Divisions' strengths are cutting-edge audit planning; competent, resourceful and dedicated managers and staff; and committed client departments. The Divisions aim to intensify the follow-up to critical recommendations; further refine their risk-assessment approaches; expedite the issuance of audit reports; and identify additional cost savings and recoveries.

113. According to the surveys conducted by the Divisions, the majority of client departments were generally satisfied with the internal audit services and were able to use audit findings to improve their operations. The surveys found, however, that clarification was needed on the distinct roles and functions of the three oversight bodies — OIOS, the Joint Inspection Unit and the Board of Auditors — as client departments may be burdened with various oversight assignments within the same period. Departments also said that OIOS should improve communication and enhance its client relations, and proposed that departments should be consulted more when OIOS prepared and finalized its audit plans and issued its reports to the General Assembly. Several clients emphasized the importance of continuing dialogue to improving the overall oversight relationship. Client departments voiced their concern about the current system used by OIOS for the follow-up of recommendations, with one client calling it "an unfriendly process", and suggested that OIOS implement an interactive database that would allow clients to update their implementation actions as and when they occur. Clients also suggested that OIOS could provide more training to their personnel on financial matters, controls and accountability.

114. The Divisions regularly conduct client satisfaction surveys on the audit process and solicit feedback on each audit report. The average overall survey rating for audit communications is good to excellent. Clients also offer suggestions for further improvements, including that audit reports should be more timely and that OIOS should provide additional time for clients to review the revisions made on the basis of their comments.

Monitoring, Evaluation and Consulting Division

115. The Monitoring, Evaluation and Consulting Division provides a broad range of complementary services that have contributed to improvements in the design, implementation and impact of Secretariat programmes. The new Learning and Self-Evaluation Section coordinates substantive internal training for OIOS staff and has

made available online training resources for client departments and offices. The Section also provides support for self-evaluation activities throughout the Secretariat. Among the notable achievements of the Division is the improved programme performance report for the biennium 2002-2003, which is more results-oriented, detailed and substantiated than previous reports. Intensive training, guidance and support provided by the Division to Secretariat managers during the last biennium led to more comprehensive and timely programme performance reporting. The training was given an average rating of very good by the 556 staff who participated. In addition, management consulting services were appraised by the majority (86 per cent) of client departments as having exceeded their expectations in quality and value. At the request of the Deputy Secretary-General, OIOS convened a working group to develop proposals and an action plan for strengthening monitoring and evaluation in the Secretariat.

116. Feedback from the focus group discussions indicated that although in-depth evaluations were generally valued, the Division should make its evaluation products more sharply focused on strategic issues of relevance to Secretariat managers. Clients also suggested that the Division continue to foster partnerships with clients; enhance the visibility of management consulting; and strengthen its guidance on self-evaluation. In addition, representatives of departments suggested improved interaction with regard to recommendations and continued improvements to the Integrated Monitoring and Documentation Information System.

Investigations Division

117. Since 1994, when the independent investigative function was established under OIOS, the Investigations Division has matured into a highly professional entity that investigates allegations of employee misconduct, abuse of authority, payment of kickbacks, embezzlement of funds, and waste and mismanagement of the Organization's resources. The caseload rises every year, as OIOS and its results become better known, and more staff and managers feel encouraged to make reports.

118. As a proactive step, the Investigations Division has entered into partnership with professional agencies and enforcement authorities, such as the Anti-Fraud Office of the European Commission and the Kenya Police Criminal Investigation Department. The Division has also initiated and developed special task forces made up of skilled professionals from national Governments as well as other investigative bodies. For example, the Investigations Division is leading an Investigation Task Force in Kosovo, involving investigators from the European Union and Italy, and is mandated to investigate fraud and corruption involving UNMIK, publicly owned enterprises or any other institution operating with funds from the Kosovo consolidated budget.

119. Client departments in Geneva, Nairobi and Vienna generally gave positive feedback on the investigative services received, highlighting that the basic security training given by the Division was of great value to managers. However, one departmental representative noted that the investigative process was too lengthy, although recognizing the many demands on a small staff. Others said investigators should be present at their duty stations permanently, as this had a deterrent effect. Representatives of funds and programmes brought up the issue of the required reimbursement for investigative services, saying that the inability to predict amounts

was creating budgeting problems. Overall feedback indicated that OIOS should provide more information about investigations and OIOS in general.

C. Risks

120. Risk mitigation is part of the overall strategy that OIOS has adopted for internal oversight, aimed at helping the Organization tackle those risks that might threaten the Organization's mission, resources and reputation. The risk-based approach to assignment planning helps OIOS apply its limited resources to those operations and activities at highest risk. Internally, this approach helps OIOS identify gaps and blind areas that might prevent it from carrying out efficient and effective oversight. For example, the lack of comprehensive evaluation coverage and the inadequate review and use of evaluation recommendations on the part of intergovernmental organs and expert bodies constitute a major risk. In addition, the inadequacy of resources available for monitoring and evaluation in the Secretariat has a negative impact on the ability of OIOS to provide monitoring and evaluation services.

121. The backlog of cases in the Investigations Division also presents a risk in terms of the ability of OIOS to provide adequate professional investigative services to the Organization. The reactive nature of much of the work, unlike that of the other divisions, does not allow the Division to establish its programme of work for the year, but requires that it respond to often urgent and complex matters with a limited number of investigators. Several years ago, in an attempt to address this risk, the Division embarked on a comprehensive system of prioritizing incoming cases in order to deal with the growing number and complexity of reports received. However, the need for immediate investigation into serious cases, such as recent ones on refugee smuggling and sexual exploitation, underscore the inherent risk of overextending resources for the investigation of cases that might negatively affect the reputation of the United Nations worldwide. The collaboration with other agencies and Member States in the OIOS-initiated task forces has aided in the effort to address the problem of limited resources. Additionally, the Division has initiated a working group that includes representatives of other agencies to examine the issues associated with whistle-blowing and has developed a draft policy to clarify responsibilities, which the working group will be refining.

122. Duplication and overlap in oversight coverage could also constitute a risk to the Organization in terms of waste of resources. The review showed that close collaboration between the three oversight bodies is essential, especially on the multiple studies and reviews requested by the General Assembly, in order to have a complementary approach and to avoid inefficiencies. OIOS is currently collaborating with the Board of Auditors and the Joint Inspection Unit to adopt a common risk-assessment approach for the identification of cross-cutting issues and to review potential areas for coordinated projects. It is also collaborating with the Joint Inspection Unit on proposals for strengthening and monitoring programme performance and evaluation, as requested by the General Assembly.[30]

D. Challenges and opportunities

123. Perhaps the most significant finding of the review is the value client departments place on the ongoing dialogue with OIOS and on the constructive teamwork in the common quest for good governance of the Organization. The majority of those surveyed said this relationship was the most important aspect of internal oversight work providing real value to the Secretariat. The challenge for OIOS is to seize this opportunity by focusing the oversight work to better address the needs of programme managers.

124. With regard to the semi-annual OIOS report to the Secretary-General, the challenge is to develop this internal reporting requirement into an effective and useful mechanism that feeds the most critical oversight information back into the executive management processes. There is an opportunity to strengthen the coordination of oversight reports and recommendations in the Organization, in accordance with best practices in public sector organizations. Such a coordinating mechanism would provide the Secretary-General with an overview with regard to the adequacy of internal control systems and strengthen the level of accountability in the Organization.

125. Client feedback suggested that the professionalism and objectivity of OIOS gave it a competitive advantage as an internal oversight body. The image of OIOS had changed over the years, as pointed out by clients. Initially, OIOS was viewed with scepticism and thought of as the Organization's "secret police". In recent years, however, OIOS was seen as a partner and oversight was seen as complementary to the management function. Clients viewed the OIOS role of "change agent" as beneficial in areas such as results-based management, integrity-building and accountability. Some representatives of client departments noted that the leadership of an organization should be the main initiator of change in order to unify the various cultures and change efforts. As an example of a success in this regard, the organizational integrity initiative, spearheaded by OIOS to strengthen integrity as a core value of the Organization, has been taken over by the Office of the Deputy Secretary-General.

E. Lessons learned and best practices

126. In the course of the review, OIOS identified a number of lessons learned, aimed at improving its internal management. Among the key lessons learned are the following:

(a) More consultation and interaction with client departments on the planning of oversight assignments are needed to ensure that client needs are met, and to avoid overscheduling and the potential for conflicting findings;

(b) Communication and information materials on internal oversight activities should be enhanced;

(c) Collaboration and synergy among the oversight functions of monitoring, inspection, evaluation and management consulting should be strengthened;

(d) Better opportunities for staff development should be provided, such as interning with other oversight institutions; developing and maintaining specialized

knowledge and skills in accordance with professional standards; and rotation within the Office.

127. Other lessons were learned from audits of OIOS conducted by the Board of Auditors, which recommended, inter alia, the need for improvements in OIOS systems for planning and training; the documentation of audit evidence; and the Office's information technology and systems audit capability. In response, OIOS adopted its risk-based approach to strategic planning; the electronic working paper initiative; and the increased focus on the training and staff development needs of staff. Moreover, OIOS has been working in close cooperation with the Board to enhance its information technology and information systems audit capabilities.

128. Preliminary research on the standards for best practices for governance in public institutions revealed that OIOS is at the forefront in three of the four areas examined, namely, codes of conduct, reporting and risk management.[31] Internal audit or oversight committees are recommended as the standard best practice in many public-sector bodies throughout the world. However, the United Nations Secretariat does not have a specific mechanism to coordinate follow-up on oversight reports and recommendations internally.

F. Conclusions and proposed next steps

129. The review concludes that the General Assembly's mandate establishing OIOS in 1994 adequately provides the foundation for the independence of the Office and has served the Organization well for the past 10 years as a unique and effective framework for assisting the Secretary-General in fulfilling his internal oversight responsibilities. OIOS would like to make the following specific proposals aimed at enhancing its own efficiency and effectiveness, and thereby assist the Organization in addressing the opportunities and risks it faces:

(a) The Organization should give consideration to ensuring the independence of OIOS in line with the mandate of the Office and consistent with the principles of good governance, by delegating to OIOS the authority to propose and manage its financial and human resources, similar to the delegation of authority extended to funds and programmes;

(b) OIOS should strengthen the internal reporting procedures to the Secretary-General, as envisioned by the General Assembly's mandate relating to the required semi-annual report. A high-level coordinating mechanism should be established in the Organization to effectively feed oversight results and other information into the executive management processes;

(c) OIOS, in collaboration with client departments and offices, should develop an interactive reporting mechanism for clients to update the status of actions taken to implement recommendations;

(d) OIOS should continue to expand the partnership and dialogue with its client departments and offices and ensure more timely follow-up to its recommendations;

(e) OIOS should strengthen its information and communications strategy, developing a comprehensive outreach programme to keep all stakeholders informed about its mandate, mission and activities;

(f) OIOS, in consultation with the Office of Human Resources Management, should develop an oversight learning programme for United Nations staff and managers, consisting of training in basic investigation; financial management and accountability; evaluation and monitoring; and risk awareness;

(g) OIOS should further improve the quality of presentation of its oversight reports, experimenting with different formats to facilitate its dialogue with client departments and Member States;

(h) OIOS, in consultation with departments, offices and other investigative units, should develop a policy on the role of programme managers in investigative activities to set out procedures on classifying cases and on following up thereafter.[32] This is aimed at further rationalizing the caseload to be investigated by the Investigations Division;

(i) OIOS should complete its ongoing risk-assessment activities concerning information technology and information systems and implement a comprehensive audit strategy to ensure coverage of these areas.

Notes

[1] For a description of the criteria established for critical recommendations, see the 2002 annual report of OIOS to the General Assembly (A/57/451, para. 6).

[2] As mandated by the General Assembly, OIOS reports to the Secretary-General every six months on the status of implementation of its recommendations. A separate report was prepared for the six-month period from 1 July to 31 December 2003, while the 1 January to 30 June 2004 period is covered in the current report.

[3] This figure is subject to adjustments.

[4] Actual savings include amounts realized from recommendations made in the current and in prior periods.

[5] Pursuant to General Assembly resolution 58/295 of 18 June 2004.

[6] See A/58/342.

[7] See A/58/294.

[8] Staff regulation 1.2 (g): "Staff members shall not use their office or knowledge gained from their official functions for private gain, financial or otherwise, or for the private gain of any third party, including family, friends and those they favour."

[9] See A/58/746.

[10] See A/58/704

[11] The report to the General Assembly on the follow-up audit of field mission recruitment will be issued.

[12] See A/58/613; see also A/58/364, para. 45.

[13] The objective of SDS is to provide the United Nations with the capacity to rapidly deploy one complex peacekeeping mission within 30 to 90 days after the adoption of a Security Council resolution establishing the mission.

[14] See the report of investigation, ID case No. 0072/04 (http://www.un.org/Depts/oios/reports/bb_report.pdf).

[15] See A/58/592 and Corr.1.

[16] See A/58/211.

[17] F3 claims are those, other than environmental claims, filed by the Government of Kuwait for losses suffered in the Persian Gulf war.

[18] See A/59/79.

[19] Summarized in A/58/785.

[20] A/59/69.

[21] In response to General Assembly resolution 57/283 B, section II.B, para. 8.

[22] See E/AC.51/2004/4.

[23] In response to a request made by the Committee for Programme and Coordination at its forty-third session (see E/AC.51/2004/2, para. 1).

[24] See E/AC.51/2004/3.

[25] See E/AC.51/2004/5.

[26] See A/51/306.

[27] See A/58/677.

[28] "*Decides* to evaluate and review at its fifty-ninth session the functions and reporting procedures of the Office of Internal Oversight Services and any other matter which it deems appropriate, and to that end to include in the provisional agenda of that session an item entitled 'Review of the implementation of General Assembly resolutions 48/218 B and 54/244'."

[29] See annex IV.

[30] See resolution 58/269, para. 21.

[31] Research included a study conducted by the World Food Programme entitled "Best practices in oversight mechanisms" (WFP/EB.3/2003/5-D/1).

[32] See A/58/708, para. 30.

Annex I

Mandated reporting requirements

The categories of information to be included in annual reports of the Office of Internal Oversight Services (OIOS) are set out in the following documents:

(a) Secretary-General's bulletin ST/SGB/273 of 7 September 1994, paragraph 28:

(i) A description of significant problems, abuses and deficiencies, and related OIOS recommendations (see sect. II above);

(ii) Recommendations not approved by the Secretary-General (included in sect. II above);

(iii) Recommendations in previous reports on which corrective action has not been completed (see annex II below);

(iv) Reasons for management revisions to a decision from a previous period (there were none);

(v) Recommendations on which agreement could not be reached with management, or where requested information or assistance was refused (included in sect. II above);

(vi) The value of cost savings recommended and amounts recovered (see para. 8 above);

(b) General Assembly resolution 56/246 of 24 December 2001:

(i) Information regarding the implementation rate of the recommendations of the previous three reporting periods (see paras. 4-6 above);

(ii) Information regarding the impact of the reorganization of OIOS on its work (A/57/451; A/58/364; para. 110 above);

(iii) Separate reporting on those recommendations that have been implemented, those that are in the process of being implemented and those for which no implementation process is under way, and the reasons for their non-implementation (see paras. 4-6 above; sect. II above; annex II below).

Annex II

Critical recommendations on which corrective action has not been completed

In paragraph 28 (d) of Secretary-General's bulletin ST/SGB/273 of 7 September 1994, the Office of Internal Oversight Services was requested to identify in its annual report critical recommendations previously made for which corrective action has not been completed. The table below shows all critical recommendations issued before 1 July 2003 for which implementation was not completed as at 30 June 2004.

A. Recommendations issued between 1 July 2000 and 30 June 2001

		Number of recommendations			
Client	*Title*	*Issued*	*Not started*	*In progress*	*Completed*
Department of General Assembly Affairs and Conference Service	Report on the inspection of the consolidation of technical support services	10	0	3	7
Department of Peacekeeping Operations	Recruitment policies and procedures for international civilian staff	14	0	1	13
Economic Commission for Africa	Audit of Eastern Africa subregional development centre, Kigali	4	0	2	2
Office for Drug Control and Crime Prevention	Report on the inspection of programme management and administrative practices in the Office	14	0	5	9
United Nations Environment Programme	Audit of International Environmental Technology	1	0	1	0
	Audit of use of type II gratis personnel	5	0	1	4
UN-Habitat	Review of overexpenditures on Danida projects	4	0	1	3
Office of the United Nations High Commissioner for Refugees	Operations in north-west Somalia	2	1	0	1
	Payroll	3	0	1	2
United Nations Office at Nairobi	Audit of Commercial Operations Unit	6	0	6	0
Total		**63**	**1**	**21**	**41**

B. Recommendations issued between 1 July 2001 and 30 June 2002

Client	Title	Number of recommendations			
		Issued	Not started	In progress	Completed
Department for Disarmament Affairs	Inspection of programme management and administrative practices	24	0	3	21
Department of Management	Post-implementation review of IMIS	14	0	5	9
Department of Management — Office of Central Support Services	Procurement of information technology and telecommunication equipment and related maintenance services	10	0	1	9
Department of Political Affairs	In-depth evaluation of electoral assistance	1	0	1	0
Department of Peacekeeping Operations	Assessment mission to UNMIBH on International Police Task Force and trafficking	4	0	1	13
Economic Commission for Africa	Audit of procurement and inventory/stores management units	21	0	6	15
	Audit of UNON travel, shipping and transportation	9	0	7	2
	Audit of ECA Travel, Shipping and Transportation Unit	4	0	1	3
Economic Commission for Latin America and the Caribbean	Inspection of programme management and administrative practices	19	0	11	8
International Criminal Tribunal for Rwanda	Audit of procurement	17	0	1	16
Office of Internal Oversight Services	Strengthening the role of evaluation findings in programme design, delivery and policy directives	1	0	1	0
Office of Legal Affairs	In-depth evaluation of legal affairs	22	0	4	18
United Nations Environment Programme	Audit of Division of Environmental Conventions	6	0	1	5
	Audit of programme support costs	3	0	1	2
UN-Habitat	Settlement rehabilitation programme in northern Iraq	7	0	1	6
Office of the United Nations High Commissioner for Refugees	Operations in Uganda	3	1	0	2
	Operations in Egypt	2	0	1	1
	Operations in the Russian Federation	8	1	0	7
	Operations in the Sudan	2	0	1	1
United Nations Office on Drugs and Crime	Country office, Peru	10	1	1	8
United Nations Office at Nairobi	Audit of Contracts and Procurement Service	20	0	5	15
	Audit of Mail Pouch and Archives Unit	8	0	8	0
	Inspection of administrative and management practices	4	1	0	3
World Health Organization	Alleged improprieties during implementation of UNAIDS project	1	0	1	0
Total		**245**	**4**	**65**	**176**

C. Recommendations issued between 1 July 2002 and 30 June 2003

Client	*Title*	*Number of recommendations*			
		Issued	*Not started*	*In progress*	*Completed*
Department of Economic and Social Affairs	Comprehensive audit of subprogramme 8: Public administration, finance and development	29	0	3	26
Department of Management	Controls over the recording and processing of transactions related to the Organization's investment portfolio	6	0	3	3
	Accessing paedophile sites with United Nations personal computers	1	1	0	0
Department of Management — Office of Central Support Services	Audit of controls over the United Nations laissez-passer at Geneva and Vienna	6	0	5	1
	Audit of Petrocelli contract	21	0	6	15
Department of Management — Office of Human Resources Management	Possible discrimination due to nationality, race, sex, religion and language in recruitment, promotion and placement	11	0	9	2
Department of Public Information	Review of the structure and operations of the United Nations information centres	23	0	4	19
Department of Peacekeeping Operations	Audit of Habitat Housing and Property Directorate	1	0	1	0
	UNFICYP (audit report)	4	0	1	3
	MONUC military operations	4	0	3	1
	Allegations involving the production of pornographic videotapes	1	0	1	0
	Allegations of the misuse of United Nations property	3	1	0	2
Economic Commission for Africa	Audit of staff administration	6	0	2	4
Economic Commission for Europe	ECE, Geneva	14	0	2	12
International Criminal Tribunal for Rwanda	Audit of special operations cash fund	10	0	5	5
Office for the Coordination of Humanitarian Affairs	Audit of OCHA Indonesia	9	0	1	8
	Audit of OCHA Indonesia	9	0	4	5
United Nations Environment Programme	Audit of publications	8	0	4	4
	Audit of World Conservation Monitoring Centre	15	0	14	1
United Nations Fund for International Partnerships	Audit of UNFIP	10	0	2	8
United Nations Population Fund	Allegations against UNFPA representative in Laos	2	0	1	1

Client	Title	Number of recommendations			
		Issued	*Not started*	*In progress*	*Completed*
United Nations Human Settlements Programme	Audit of publications	11	0	4	7
	Audit of Habitat Housing Property Directorate	2	0	1	1
	Audit of settlement rehabilitation programme in northern Iraq	1	0	1	0
Office of the United Nations High Commissioner for Human Rights	Management review	17	0	6	11
Office of the United Nations High Commissioner for Refugees	Operations in Venezuela, Ecuador and Panama	3	1	0	2
	Operations in Rwanda	7	0	2	5
	Operations in Kosovo	4	0	1	3
	Operations in the Islamic Republic of Iran	3	0	1	2
	Operations in Guinea	3	0	1	2
	Operations in Burundi	2	1	1	0
	Operations in the former Yugoslavia	1	0	1	0
	Operations in Djibouti	1	1	0	0
	Rental subsidies	4	1	1	2
	Consultants	7	0	4	3
	Education grants	6	1	3	2
United Nations Joint Staff Pension Fund	Budget practices	5	1	0	4
United Nations Joint Staff Pension Fund — Investment Management Service	Audit of investment management	15	2	4	9
United Nations Office on Drugs and Crime	Regional office for West and Central Africa	18	0	1	17
	Country office, Islamic Republic of Iran	11	0	3	8
United Nations Office at Nairobi	Audit of Division of Conference Services	8	0	4	4
	Audit of facilities management	7	0	7	0
	Audit of information technology management	10	0	6	4
	Audit of print shop	4	0	2	2
	Audit of staff administration	16	0	9	7
	Alleged procurement anomalies	1	1	0	0
Total		**360**	**11**	**134**	**215**

Annex III

Reports of the Office of Internal Oversight Services (1 July 2003-30 June 2004)

A. Reports to the General Assembly

1. Review of duplication, complexity and bureaucracy in United Nations administrative processes and procedures (A/58/211, 4 August 2003)
2. Audit of the functioning of the Headquarters Committee on Contracts (A/58/294, 19 August 2003)
3. United Nations capital master plan for the period from January to July 2003 (A/58/342, 4 September 2003)
4. Investigation into the fraudulent diversion of $4.3 million by a senior staff member of the reconstruction pillar of the United Nations Interim Administration Mission in Kosovo (A/58/592 and Corr.1, 13 November 2003)
5. Administration of peacekeeping trust funds (A/58/613, 28 November 2003)
6. Review of the Office of the Prosecutor at the International Criminal Tribunals for Rwanda and for the former Yugoslavia (A/58/677, 7 January 2004)
7. Audit of the policies and procedures for recruiting Department of Peacekeeping Operations staff (A/58/704, 6 February 2004)
8. Strengthening the investigation functions in the United Nations (A/58/708, 10 February 2004)
9. Evaluation of the impact of the recent restructuring of the Department of Peacekeeping Operations (A/58/746, 25 March 2004)
10. Audit of the regional commissions (A/58/785, 6 May 2004)
11. Programme performance of the United Nations for the biennium 2002-2003 (A/59/69, 13 April 2004)
12. Strengthening the role of evaluation findings in programme design, delivery and policy directives (A/59/79, 5 May 2004)

B. Reports to the Committee for Programme and Coordination

1. Further development of topics for a pilot thematic evaluation (E/AC.51/2004/2, 30 March 2004)
2. In-depth evaluation of the programme on public administration, finance and development (E/AC.51/2004/3, 16 March 2004)
3. Triennial review of the implementation of the recommendations made by the Committee for Programme and Coordination at its forty-first session on the in-depth evaluation of sustainable development (E/AC.51/2004/4, 22 March 2004)

4. Triennial review of the implementation of the recommendations made by the Committee for Programme and Coordination at its forty-first session on the in-depth evaluation of the population programme (E/AC.51/2004/5 and Corr.1, 15 April 2004)

C. Oversight reports to management

Audit

United Nations-Habitat (2)	Settlement rehabilitation programme processing of payments of interim and final invoices for construction contracts; settlement rehabilitation programme asset management
Department of Economic and Social Affairs (1)	NGO accreditation process
Department for General Assembly and Conference Management (1)	Temporary assistance for meetings
Department of Management (5)	Structure and operations of the Medical Services Division; cellular telephone operations at Headquarters; freight-forwarding contracts; current requests for proposals, general conditions, draft contracts and procedures in place for all facets of construction contract; selected accounts payable controls at Headquarters
Department of Political Affairs (1)	Support services provided by DPA to the field
Department of Peacekeeping Operations (3)	Systems contract for engineering manpower to peacekeeping missions; United Nations Logistics Base: strategic stocks formation; liquidation of the United Nations Iraq-Kuwait Observation Mission
Economic Commission for Africa (1)	Programme and governance structure
Economic Commission for Latin America and the Caribbean (1)	Comprehensive audit
Economic and Social Commission for Western Asia (1)	Comprehensive audit
United Nations Organization Mission in the Democratic Republic of the Congo (7)	Cash management; mission subsistence allowance; financial management: operating costs; contingent-owned equipment; management of rations contract; follow-up of Transport Section; ex-post facto procurement

Office of the Iraq Programme	UN-Habitat settlement rehabilitation programme liquidation planning
Regional Commissions New York Office	Regional commissions liaison office in New York
United Nations Mission in Sierra Leone (5)	Deployment of military observers; deployment of civilian police officers; management of cash resources; irregularities in issuing fuel at Kenema; travel costs
United Nations Compensation Commission	F3 claims: part two of third instalment
United Nations Joint Staff Pension Fund (3)	Information technology management — secretariat; audit of cash management; human resources management
United Nations Mission in Ethiopia and Eritrea (2)	Medical services; abuse of telephone billing system
United Nations Mission in Liberia (2)	Cash resource management; operations of the Contingent-Owned Equipment Unit
United Nations Mission of Support in East Timor (5)	PX operations; common services provided to other entities; performance of the Civilian Support Programme; liquidation: personnel issues; liquidation: asset disposal plan
United Nations Office of the Humanitarian Coordinator in Iraq (4)	Liquidation: procurement issues; liquidation: liquidation planning; liquidation: human resources management; liquidation: financial management
Office of the United Nations High Commissioner for Refugees (34)	Staffing of emergency operations; Media Relations and Public Information Service; decentralized personnel administration; central emergency and regional stockpiles; air operations; Management Systems Renewal Project (MSRP) implementer contract; MSRP consultancy; MSRP hosting services; housing maintenance element; review of UNHCR private sector fund-raising in the United Kingdom; operations in Angola, Azerbaijan, Bosnia and Herzegovina, Cambodia, Colombia, the Democratic Republic of the Congo, Ethiopia, France, Gabon, Ghana, Italy, Kazakhstan, Kyrgyzstan, Malaysia, Morocco, Mozambique, Nigeria, Romania, the Congo, Saudi Arabia, Tajikistan, the United Republic of Tanzania, Timor-Leste and Uganda
United Nations Environment Programme (2)	Division of Technology, Industry and Economics; Division of Early Warning and Assessment
UN-Habitat (2)	Settlement rehabilitation programme liquidation planning; urban management programme

United Nations Office at Nairobi (1)	Local Committee on Contracts
Economic Commission for Africa (3)	Follow-up review of staff administration; follow-up review of Procurement and Inventory/Stores Units; follow-up review of travel, shipping and transportation
International Criminal Tribunal for the Former Yugoslavia (2)	Overtime; court management
International Criminal Tribunal for Rwanda (1)	Follow-up review of procurement

Investigation

Thirty-seven investigation reports on various issues, including misconduct; procurement irregularities; entitlement abuse; misuse of United Nations property and resources; mismanagement; vendor staff misconduct; and abuse of authority.

Management consulting

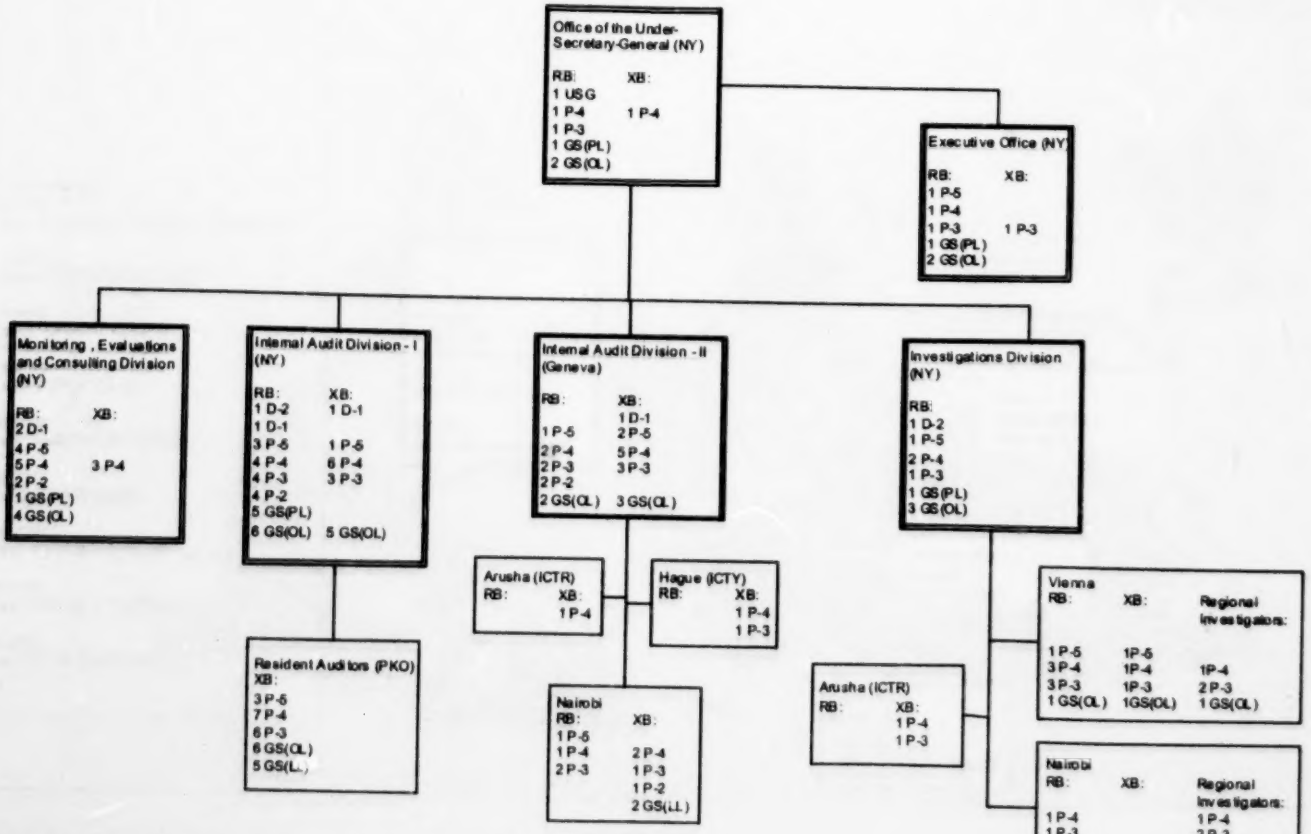
OIOS consultancy to the Department of Public Information on the client-oriented process, July 2003.

OIOS consultancy to the Department for General Assembly and Conference Management on global management, January 2004.

Annex IV

Office of Internal Oversight Services organizational structure and post distribution for the biennium 2004-2005

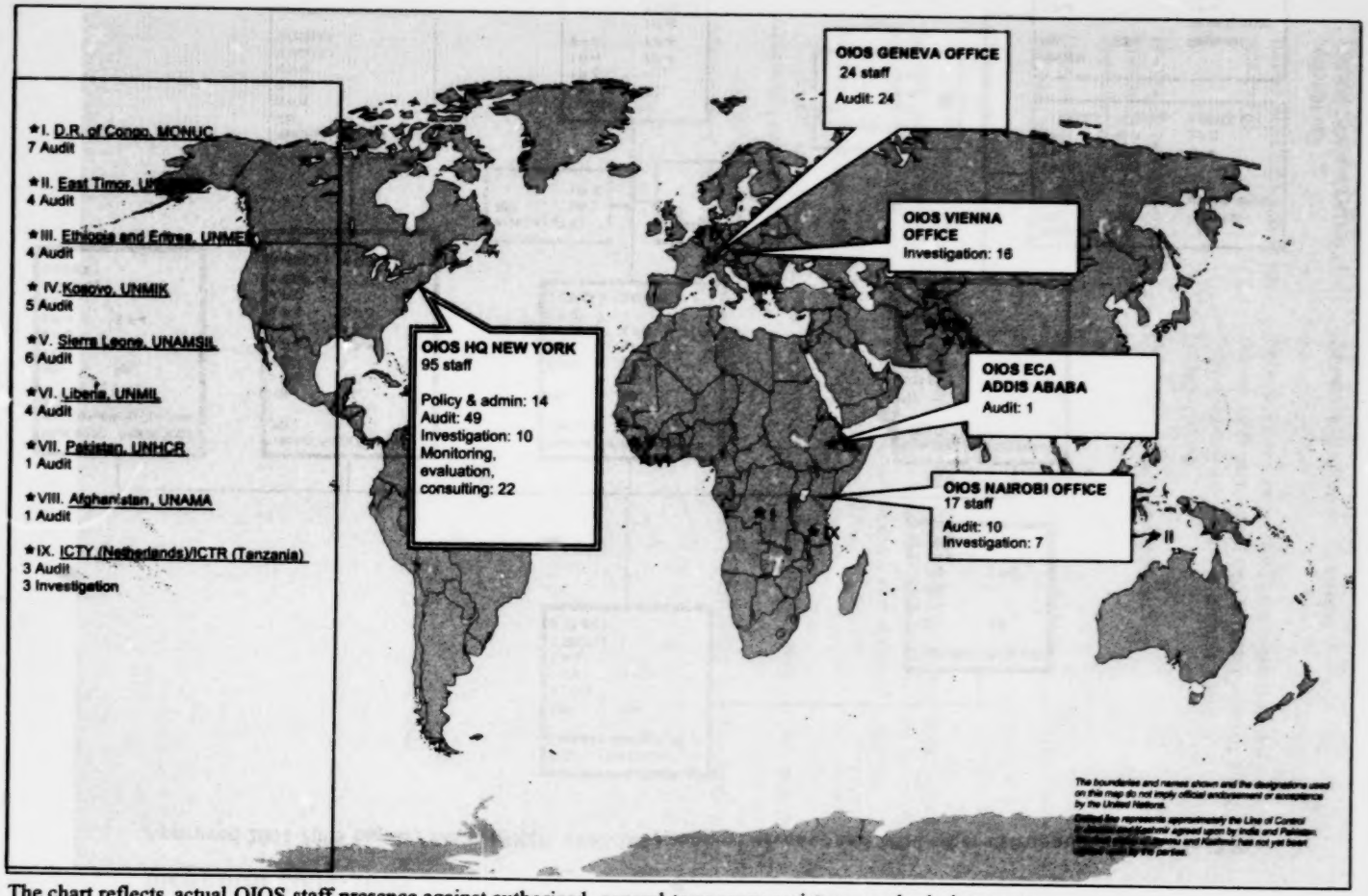
Approved 2004-2005 regular budget (RB), 2003-2004 support account and 2004 other extrabudgetary funds (XB)



As per RB-NY allotment 05000449 dd 30/04/04
As per RB-Geneva allotment 05000450 dd 30/04/04
As per RB-Nairobi allotment 05000426 dd 05/03/04
As per RB-Vienna allotment 05000436 dd 25/03/04

Annex V

Office of Internal Oversight Services global post distribution as at 30 June 2004



The chart reflects actual OIOS staff presence against authorized general temporary assistance and mission posts.